"Developing Skills. Serving Society"

2021 / 2022

Construction Education and Training Authority

ANNUAL REPORT

ANNUAL REPORT

CONTENT

GENERAL INFORMATION

PART A

"Developing Skills. Serving Society"

General Information

CETA Registered name	Construction Education and Training Authority
CETA Registration number	05/CETA/1/04/11
ISBN number	ISBN 978-0-621-50319-7
RP	RP121/2022
CETA Registered office address	52-54 on 14th Road Noordwyk Midrand 1687 P O Box 1955 Halfway House Midrand 1685
Contact telephone numbers	+27 11 265 5900
Email address	StakeholderRelations@ceta.co.za
Website address	www.ceta.org.za

EXTERNAL AUDITOR'S INFORMATION

Auditor-General of South Africa	
Physical address	4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0081

BANKER'S INFORMATION

Standard Bank	5 Simmonds Street, Marshalltown Johannesburg 2001
Reserve Bank of SouthAfrica	370 Helen Joseph Street Pretoria 0002

Abbreviations and Acronyms

AA	Accounting Authority
AGSA	Auditor-General of South Africa
AR	Annual Report
APP	Annual Performance Plan
APR	Annual Performance Report
AQP	Assessment Quality Partner
ARC	Audit and Risk Committee
ATR	Annual Training Report
CET	Community Education Centre
CB	Core Business
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CESA	Civil Engineering South Africa
CETA	Construction Education and Training Authority
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CPD	Corporation for Public Deposits
DEAF- SA	Deaf Federation of South Africa
DG	Discretionary Grant
DHET	Department of Higher Education and Training
DHS	Department of Human Settlements
DoL	Department of Labour
DQP	Development Quality Partner
ETQA	Education and Training Quality Assurance
FETC	Further Education and Training Certificate
MTSF	Medium Term Strategic framework
NAMB	National Artisan Moderating Body
NC	National Certificate
NCV	National Certificate Vocational
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NVC	New Venture Creation
OFO	Organising Framework for Occupations
CSP	Client Services and Projects
PAYE	Pay As You Earn
PFMA	Public Finance Management Act
PIVOTAL	Professional Vocational Technical and Academic Learning
PSET	Post-School Education and Training
QAP	Quality Assurance Partner
QCTO	Quality Council for Trades and Occupations
QMR	Quarterly Monitoring Report
RPL	Recognition of Prior Learning
SANMVA	South African National Military Veterans' Association
SANRAL	South African National Roads Agency SOC Limited
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SCM	Supply Chain Management
SDA	Skills Development Act
SDF	Skills Development Facilitator
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SLA	Service level Agreement
SMME	Small, Medium and Micro-sized Enterprise
SSP	Sector Skills Plan
SP	Strategic Plan
TETA	Transport Education and Training Authority
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
UoT	University of Technology
WITS	The University of the Witwatersrand
WSP	Workplace Skills Plan

Dr Be Nzimande
Minister of Higher Education, Science and Innovation

Submission of The 2021/22 Annual Report To The Minister Of Higher Education, Science And Innovation, Honourable Dr Be Nzimande

"It is my priviledge and honour to present in terms of Section 65 of the Public Finance Management Act of 1999 as amended, the 2021/22 Annual Report of the Construction Education and Training Authority (CETA) to the Honourable Minister of Higher Education,Science and Innovation, Dr Blade Nzimande.

MR MALUSI SHEZI
As delegated by the Accounting Authority

Accounting Authority's Overview

Introduction

It is my utmost pleasure to present the 2021/22 CETA Annual Report in my capacity as the newly appointed Chairperson of the CETA Board. On behalf of all members of the newly appointed Board, I extend our sincerest gratitude to all organisations that nominated us as well as to the Honourable Minister of Higher Education, Science and Innovation (HESI), Dr Bonginkosi Nzimande for his confidence in us.

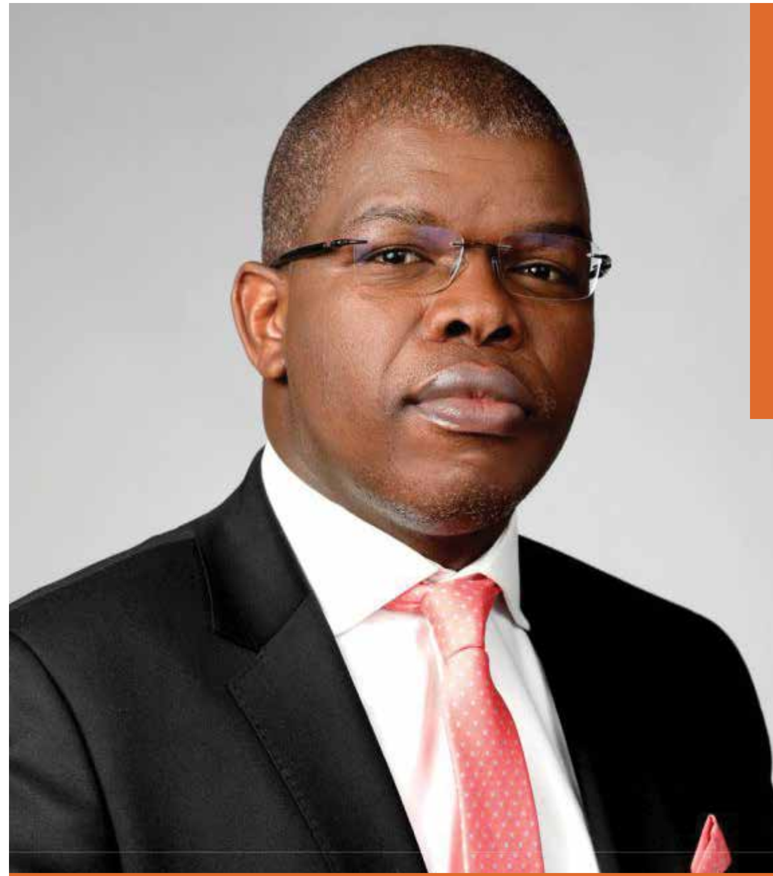
The powers of the Administrator included, amongst others, the assumption of the role and performance of all functions and duties of the Accounting Authority and CEO of the CETA as prescribed in the Skills Development Act, 1998 and the PFMA, 1999 read with the relevant regulations. The CEO was appointed effective from 01 September 2021. Subsequent to the end of Administration in the absence of the Accounting Authority; the Honourable Minister of HESI evoked section 49 of the PFMA after concurrence of National Treasury; and appointed the current CETA CEO to discharge the responsibilities of the Accounting Authority (Board) while finalising the process of the CETA Board appointment.

To improve performance and deal with the matters that led to CETA being placed under administration and strengthen governance; the Administrator had put the processes as mentioned below:

- Appointed an independent Audit and Risk Committee (ARC) that was functional throughout the Administration term. The ARC term was further extended to 15 August 2022 by the CEO in his capacity of discharging the AA's responsibility as appointed in terms of section 49 of the PFMA, 1999.
- The Reference Group, being an advisory structure which was to assist with technical issues of learning programmes implementation and relevant expertise required by the CETA.

Administration processes and the Accounting Authority

The CETA was placed under Administration as per Government Notice number 656, as published in the Government Gazette no. 42991 of 3 February 2020; and this appointment was extended for a further period that ended on 02 February 2022, as per Government Gazette No. 44129 of 01 February 2021.



"The DG funding benefited nearly 8 000 learners currently enrolled on CETA different programmes and pathways."

Mr Malusi Shezi
Chief Executive Officer

CETA's strategy and its performance within the PSET sector

GENERAL

In this year, CETA successfully paid out R72 million (2021: R42 million) in mandatory grants and R511 million (2021: R543 million) in discretionary grant (DG) funding. The DG funding benefited nearly 8000 learners currently enrolled on CETA different programmes and pathways.

In the 2021/2022 financial year, CETA received approximately R586 million (including the fines and penalties) in skills development levies compared to R387 million in the previous period, equating to 51.4% increase from previous period. The total expenditure during the period under review increased by R21 million from R826 million in 2020/21 to R847 million.

During the 2021/22 financial year, the CETA complied with timely submissions of the Sector Skills Plan, Strategic Plan, Annual Performance Plan, the Service Level Agreement, 2021/22 Annual Report and Quarterly Reports to the relevant authorities. No non-compliance matters were raised by the authorities for the attention of the CETA. The following additional reports were submitted by the CETA to the Executive Authority:

- Monthly governance and Administration progress reports.
- Administrator's close out report, as submitted on 28 February 2022.
- Administration investigation reports, as submitted on 05 November 2021.

Economic Recovery and Reconstruction Plan

The construction sector is an important contributor to the South African economy. The construction industry was most affected by the downturn in capital spending in the economy for years just before COVID19. The announcement of the nationwide lockdown as a response to Covid-19 added to a downward spiral of the construction sector. The future performance of the construction sector is dependent on the level of overall recovery of the economic activity in the country; hence the President announced the Economic Recovery and Reconstruction Plan (ERRP).

The CETA implemented the short skills programme: roadworks, community house building and construction contractor as part of its support for ERRP in the Eastern Cape, KZN, Mpumalanga, Limpopo, Northern Cape and the Western Cape provinces. This saw award for 6 132 learners at R92 million budget for on this programme. A total of 5346 were enrolled, with +-4200 already graduated with certificates. A total of R18,9 million was paid in stipends in this regard, which went a long way in alleviating negative socio-economic effects brought about Covid19 and at same time empowered beneficiaries with new skills to help them going forward.

Organisational Restructuring and Redesign

A panel of HR experts was engaged to assist in organisational redesign and restructuring (OD) which culminated in a structure that aligns to the CETA's strategic plans and mandate. The OD process was to further propose a better remuneration structure and performance rewards strategy, including the development of various performance and HR management and development policies.

The OD was completed with all staff placed in positions on the revised organogram, with no job losses from this process. Amongst many outputs of this process were the following, some already implemented in the 2021/22 financial year:

- Approved new organogram,
- Talent and Leadership development framework and toolkit,
- Competency framework,
- Skills audit and Job evaluation and grading reports,
- Incentives and Rewards strategy,
- Salary benchmark report,
- Up to date, clear and specific HR policies, and
- Change management and culture audit report.

Strategic relationships

The CETA improves the number of active partnerships by 414% from a very low baseline. We saw 31 new partnerships with HETs, TVETs and CETs. The CETA continues to contribute to the capacitation of infrastructure at TVETs and rural and township-based communities through Skills Development Centres (SDC). These provide facilities and expertise to meet many of our construction sector skills requirements. In the current year, the following SDCs were committed:

- KwaMpumuza SDC linked to Umgungundlovu TVET.
- Hosi Aron Mahumani SDC in Giyani.

Amongst other entities that CETA entered into partnerships with 5 SETAs and other key entities in the sector; including the CIDB and the Council for the Built Environment (CBE). There were many other continued partnerships with key industry bodies in the construction and built environment.

Another partnership of note is one with World Skills South Africa, which is part of the global World Skills which hosts amongst other events the global skills competition and CETA is committed to support this initiative which showcase RSA's skills and also provides an opportunity for our country to benchmark how competitive are our learners vs their global counterparts.

The CETA aims to embark on new partnerships in the new year in its quest to support the sector to be economically sustainable and globally competitive. These include ones with BRICS Business Council Skills Development Working Group, the African Union Development Agency Skills Forum and for various research chairs, etc.

Also, the AGM provides the CETA with a platform to foster new strategic partnerships. The last AGM was held virtually on 09 December 2021.

Challenges faced by the CETA

The Auditor-General of South Africa (AGSA) has issued CETA with a qualified audit opinion for the current financial and reporting period. The AG report should be read in conjunction with the Audit and Risk Committee's (ARC) report.

The Accounting Authority (AA) is of the view, based on the facts surrounding the DG commitments disclosure note which was the basis of this opinion; that the audit opinion of the AGSA is an inappropriate

conclusion on the matter. The ARC's report also indicates a disagreement with such conclusion. The ARC is charged with responsibility to review any accounting and auditing concerns identified as a result of internal and external audits and where relevant, the independence and objectivity of the external auditors; as per Treasury Regulations 27.1.8(e) and (h). It is worth noting that the 2021/22 audit process by the AGSA was strange, and not undertaken in line with norms and standards usually applied in an external audit process.

The AA would like to share an extract as to the basis of its view regarding this matter as shown below, being a summary of what was also included in the representation letter signed to the AGSA:

Limitation of scope and DG commitments business processes and disclosures

The AA of CETA duly appointed in terms of section 49 of the PFMA, hereby confirmed the following regarding the CETA DG commitments processes and its commitments register disclosures:

- All commitments in the DG register are as per the Skills Development Act (SDA) Regulations and related guide to the same regulations, as issued by the Executive Authority. The CETA's basis to have commitments added to the DG register is the offers to contract; as CETA did not issue letters of intent to fund but offers to contract (which are comprehensive enough with all terms and conditions) as per the relevant SDA Regulations.
- Paragraph 8.6 clearly states that a *"contractual obligation" means there is an agreement (written) with specific terms between a SETA and a third party whereby the third party undertakes to perform something in relation to a discretionary project for which a SETA will be obliged to make payment against the discretionary grant signed. Therefore, an obligation for the SETA with the third party is created once the SETA issues an "offer of contract" with a written contractual agreement to third party, as it is intended to lead to a contractual obligation once the written agreement is signed by the SETA and the third party. Since an obligation is created by the SETA with the issue of an "offer to contract" to a third party, all "offers to contract" issued by a SETA prior to the financial year-end, that have not yet been contracted as at the end of the financial year-end, shall be included in determining the commitments of the SETA at the specific financial year-end. The above will apply, despite other terminology used by the SETAs for an "Offer of contract", given that the same characteristics of an "Offer of contract" is prevalent, namely an obligation with a third party is created with the issue thereof and it serves to facilitate the process of formalising the SETA"s obligation into a written contractual agreement between the SETA and the third party. "Offers of contracts", that have been issued before the financial year-end, but have not yet been contracted before the financial year-end, should be included in the commitment's disclosure note, but disclosed separate from contractual commitments".*

The DG commitments register as at 31 March 2022 was supported by the offers of contract duly signed by

both parties (the CETA and accepted by the DG project implementers). In line with SETA industry practice; these signed offers to contract constitutes a binding legal instruments that are enforceable in the court of law. They are a basis for the DG commitment made for the learning programmes and projects to the third parties by a SETA. The evidence that these are enforceable contracts is items disclosed under contingent liabilities Note 29.2 to the AFS; whereby the same DG duly signed offers of contract (despite terminology) are the basis for the DG projects providers to institute a legal action against CETA. Those currently under question in Note 29.2 (contingent liabilities) amounts to R4 000 000,00; whereby in the past CETA had cancelled some of those contract due to delayed implementation of the project.

A contract is defined as "a written or spoken agreement, especially one concerning obligations and responsibilities, that is intended to be enforceable by law"; whilst a service level agreement (SLA) is a "contract between a service provider and a customer, defining the types and standards of services to be offered". In line with paragraph 8.6 of the SETA Regulations quoted above; CETA's business process is that those signed offer to contract despite terminology, give rise to an obligation and hence no other contracts but those duly signed. This has been the practice for the past 13 years and CETA had not changed its business process in that regard. What the AG was demanding was SLAs which define service standards and performance levels, to which absence of such does not invalidate contractual obligation already created through an offer of contract duly signed by parties to the CETA DG commitment projects awards; as per the Regulation.

The AG was supplied with the same in the past, and hence no issues of limitation of scope as these are sufficiently a legal binding contract and instrument enforceable in law. The AA noted that at Audit Steering Committee meetings, and at a meeting held with the AA on 30 June 2022 and 20 July 2022 (Protea Hotel); the engagement manager on record had already concluded that these offers to contract are indeed a contract as they have all terms and conditions expected in a contract. It is has been proven in practice that these commitments are only nullified by a cancellation process by either party. The CETA did not cancel these commitments nor the counterparties; and therefore, are valid up to the point of cancellation or expunged through expenditure charged against those DG obligations in the DG commitment register. The CETA was therefore compliant in having submitted such evidence to AG team and AG team confirmed that they received the same. Hence limitation of scope is an inappropriate judgement and conclusion.

The CETA understands limitation of scope as defined in the international auditing standards that AGSA had indicated they will apply. Specifically for this case, ISA 705 indicates the following:

CETA ANNUAL REPORT 2021/2022

"Developing Skills. Serving Society"

- Paragraph 7. "the auditor shall express a qualified opinion when: (a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive. - Paragraph 11 states that "if, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the scope of the audit that the auditor considers likely to result in the need to express; whereas paragraph 12 states "if management refuses to remove the limitation referred to in paragraph 11 of this ISA, the auditor shall communicate the matter to those charged with governance, unless all of those charged with governance are involved in managing the entity, and determine whether it is possible to perform alternative procedures to obtain sufficient appropriate audit evidence".
- In the context of above, CETA did not impose limitation pronounced by the AGSA as it made all attempts for AG to audit the DG commitments in line with Regulation applicable to such process. The AG did not perform any alternative procedures in this regard. The AGSA team gave CETA an additional sample of 30 items on 21 July 2022 to confirm if there was remaining misstatement on the DG commitment schedule; which was believed to have been calculated and selected in terms of the AGSA methodology. Whilst management was to submit evidence of such, the AGSA reneged on 22 July 2022, pronounced limitation of scope, and cited that they were out of time. Management did all necessary to allow AG to perform the audit. These efforts included negotiating extension of audit conclusion date. Interestingly, the audit report was signed on 04 August 2022 on the AFS version not yet signed by the AA as the draft report was not yet tabled for recommendation by the Audit and Risk Committee (ARC) which set on 10 August 2022. It was only on 11 August 2022 that the AG then requested the AA signed AFS.

Other Strategic Compliance Matters

With regard to other strategic compliance matters, the CETA had complied with the directives on several issues including COVID-19 directives. One must however flag the reality that CETA could not avoid irregular expenditure due to few deficiencies in the control environment coming from legacy past and other reasons. Other than this issue, the organisation is fully compliant with all other relevant laws and regulations.

The Administrator had instituted several investigations as per his gazetted mandate; with most of these investigations concluded in the 2021/22 financial year. The implementation of findings from such reports are expected to commence in the next financial year. Further, a probity audit on SCM procurement awards was instituted on all awards made between 01 April 2021 and 30 September 2021, with ones from 01 October 2021 to 31 March 2022 still under review. The finalised report was tabled at the ARC and to the Loss Control Committee meeting for final recommended actions on its findings and observations. CETA had already disclosed confirmed irregular expenditure on its annual financial statements as at 31 May 2022, in this regard.

Medium to long term strategic focus

CETA continued to operate optimally and filled a large number of critical positions with suitably experienced candidates. The current year's performance of 62% against the 2021/22 APP bears testimony that working as a solid team our employees can achieve higher levels of delivery.

As the new Board, we will be working closely with the DHET to finalise the outstanding matters not fully resolved during Administration period.

In the year under review, CETA enjoyed the support and guidance of the interim governance and oversight

structures. These structures (including the Reference Group) played a critical role in ensuring that the organisation improves and also provided relevant sector specific insight which yielded positive results when reviewing and planning our strategy. With all the support we have from all the governance structures and staff, we are certain that we will obtain more than 80% on APP targets for 2022/23.

The CETA has the following strategic focus areas which will continue to guide its focus in the remaining three-year period ahead:

- Organisational sustainability and impact based on ethical and effective leadership and governance,
- Effective stakeholder engagement and relations,
- Building both demand and supply side capacity for the sector,
- Ensuring that as many people as possible access the critical and scare skills,
- Through technology and innovation ensure state of the art and globally while locally relevant research capacity is improved. This will ensure our SSP is construction sector responsive and reflective, and
- Transformation of the sector and position skills as the core. Ensuring youth, women, people with disabilities, rural and township-based people and entities are prioritised.

Acknowledgements and appreciation

On behalf of the AA of CETA, I would like to extend my sincere gratitude to the Honourable Minister of HESI and DHET for guidance and support during the year.

I would also like to express my sincerest gratitude to all external stakeholders for their continued support and faith on the CETA; and trust that we will serve you better and you will continue to support our efforts to positioning skills agenda in the sector. I thank

CETA management and staff for their continued hard work and support. With their continued support and determination, CETA is positioned for better future and a unique skills development provisioning within training and development space.

MR MALUSI SHEZI
As delegated by the Accounting Authority

Chief Executive Officer's Overview

I am extremely grateful to our stakeholders, including training providers, learners, strategic partners, universities, and TVETs for their unwavering support and commitment towards the sector and the CETA as a skills authority.

Mr Malusi Shezi
Chief Executive Officer

Introduction

I am honoured to present my inaugural CETA annual report overview for the year 2021/22, following my appointment effective 01 September 2021. The SETAs are key drivers of economic growth, social development and nation building; to which I am honoured to lead an organisation that has such tremendous mandate and exists for a higher purpose.

It is worth noting that I was appointed during the transition period as the CETA was still under Administration, as extended per the Gazette # 44129 of 01 February 2021. The timing of my commencement came during the most turbulent time globally, with the Covid-19 having altered the lives of many and the terrain in which our SETA operates. This time was characterised by its own challenges; namely the decline in levies, inability to implement skills interventions and the need for swift readiness to migrate to e-learning platforms. For the CETA, it was made worse by the ills of the past that led to Administration, a shrinking revenue base and a challenged construction sector in general.

Despite these, as CETA management we have strived to maintain operational and financial stability and improved stakeholder relationships through innovative solutions and continuous engagements with our broad stakeholder base.

Overview of the Past Period

The CETA's Administration period officially ended on 02 February 2022, and from that date the CEO appointed to discharge the responsibilities of the accounting authority in terms of section 49 of the PFMA until the process to appoint the Board was finalised.

During the 2021/22 financial period, the CETA experienced a number of capacity constraints due to unfilled executive positions. This brought about an additional challenge whilst navigating the unprecedent change in the turbulent period. The CETA was in the process of an organisational design (OD), to which recruitment of new talent was on hold to allow the OD review process to be concluded. This put more pressure on human capacity and resulted in use consultants to bridge the gap and bring required expertise not residing within the organisation. This also required short term recruitment in certain roles and shared responsibilities amongst existing capacity.

Covid 19 effects were still felt as in December 2021, the country went back to lockdown level 3 and CETA had to continue paying stipends as per directive 05/2020. Some of the training projects as a result could not complete on time.

There were negative media coverage and smearing of the CETA and its leadership between May and June 2021. The same occurred post year-end in April 2022. The CETA managed these issues well and could not be side-tracked in its endeavour for clean governance and administration.

General Financial Review Spending Trends

The nature of a CETA's business is a reciprocal one; whereby it receives funding from skills levies from businesses and in return undertakes to train, skill and provide experiential learning to suitable candidates to address the needs of the sector through Mandatory and Discretionary Grants.

Total expenditure for the year was R847 million (2,5%) more than the previous financial year. The latter translated into a R32 million (5,9%) decrease in discretionary grant expenditure from R543 million in 2020/21 to R511 million in the current year. Cash and cash equivalents at year-end were R1.1 billion, which is a 18% decrease over the previous year's R1,3 billion.

The CETA reported a deficit of R215 million for the 2021/22 period, which is a 43% improvement from prior year deficit of R380 million. This reduced total accumulated reserves by R214 million to R1,2 billion as at 31 March 2022. A significant portion of the deficit was driven by the salaries and cost of forensic investigations. These accumulated reserves support the committed DG programmes to be implemented over the Medium-Term Expenditure Framework period. Despite these financial constraints the CETA was able operate in accordance with the SETA Grant Regulations. The administrative costs spending increased during the current year compared to the prior year by R34 million.

We had a DG commitments disclosure note figure of R2 billion compared to the prior year closing balance of R1,6 billion, primarily driven by concluding some learning interventions and new awards during the year.

The CETA has sufficient reserves from cash balances and DG and MG reserves; and is therefore a going concern. The Minister of Higher Education, Science and Innovation has approved the extension of the CETA licence to operate until 31 March 2030.

Our application to National Treasury to retain accumulated surpluses of R1,3 billion from the 2020/21 financial year in terms of Treasury Instruction Note 12 of 2020/21 was submitted; with approval granted by National Treasury on 25 October 2021.

No unsolicited bid proposals were received nor awarded in the year under review.

I instituted probity audit on all SCM procurement awards made between 01 April and 30 September 2022, with ones from 01 October 2021 to 31 March 2022 review still ongoing at date of this report. The finalised report was tabled at the ARC and to the Loss Control Committee. CETA had already disclosed confirmed irregular expenditure on its annual financial statements as at 31 May 2022, in this regard.

Achievements for the current period

In the midst of the challenges experienced by the PSET system and the construction sector, the CETA recorded a performance achievement of 62% against the 2021/22 APP targets. This represents 182% improvement from prior year's overall performance.

The financial year noted improved sector participation in skills development as a result of focused sector engagements. The levy payer base improved by 5.4% employers and we had a 15% increase in the submission of WSPs and ATRs.

The control environment at the CETA has slightly improved from what it was in the prior year. It is with strength, the CETA will endeavour to continue efforts in its quest for clean administration and governance. We are also commitment to implementing the AG's accepted recommendations; hence control improvements will continue to remain a high priority.

The CETA vision, mission and values statement was reviewed and simplified during the year. These were to be aligned with and enable the CETA vision of being an agile, learning organisation, sustainable and stakeholder responsive organisation. The organisation strives to be one of the top employers in the country, in the next five years.

We implemented our enhanced and comprehensive CETA flagship internship programme, and currently have 54 interns funded from our administration budget as means to provide exposure and address youth unemployment in our country. All our admin interns are fully qualified with at least NQF 6 or higher

qualification. We believe the minimum time spent here will set them on a positive path in their careers. In the financial year 2020/21, the CETA continued with the implementation of the revised organisational structure, refocusing human resources on the provincial offices where execution of projects takes place. As at 31 March 2022, the organisational design process was at 100% with all of current employees placed in the revised structure. This process will be followed by work study and post placement support in the new year. Future key activities include the development and approval of the Human Resources Management and Development Strategy which guides the rollout of the employee value proposition for the organisation, SCM and Procurement Strategy, Legal and litigation management Strategy, etc. The development and review of human resource policies was finalised and a total of 32 human resources policies being developed and approved. These policies are an enabling tools to facilitate consistency and transparency in employee engagement within the CETA, and they also lay a solid foundation for good corporate governance.

Key Projects Going Forward

In the financial year 2020/21, the CETA continued with the implementation of the revised organisational structure, refocusing human resources on the provincial offices where execution of projects takes place. As at 31 March 2022, the organisational design process was at 100% with all of current employees placed in the revised structure. This process will be followed by work study and pots placement support in the new year. Future key activities include the development and approval of the Human Resources Management and Development Strategy which guides the rollout of the employee value proposition for the organisation, SCM and Procurement Strategy, Legal and litigation management Strategy, etc. The development and review of human resource policies was finalised and a total of 32 human resources policies being developed and approved. These policies are an enabling tools to facilitate consistency and transparency in employee engagement within the CETA, and they also lay a solid foundation for good corporate governance.

- CETA is investing available resources to improve our service delivery offerings and is implementing the following key projects:
- Integration of applications systems to support the implementation of learning interventions, finance and HR management, project management, contract management, and stakeholder relations management;
- The realignment of historical qualifications to occupational qualifications in line with the QCTO
- SLA requirements;
- Enhanced skills development initiatives for the Economic Reconstruction and Recovery Plan;
- CETA learner biometric and stipends system;
- Upgrading of telephony and server system to enhance stakeholder responsiveness; and
- Development of integrated records and knowledge management system as part our digitalisation project.

CETA ANNUAL REPORT 2021/2022

Audit Matters

The Auditor-General has issued the CETA with a qualified audit opinion on DG commitments for the current period under review. In this financial year the AGSA noted irregular expenditure to the value of R60 million due to non-compliance; to which R23,8 million relates to legacy contracts procured in the prior years and R52 million due to 7,5% admin threshold being exceeded. R18,2 million could only be cleared upon conclusion of investigations, to which some were ongoing at the date of this report. The SCM processes were reviewed and efforts made to ensure that all supply chain management prescripts are fully adhered. Regular probity audits and advisory will be embedded into all procurement awards exceeding threshold as prescribed in the SCM policy.

Irregular and fruitless expenditures from prior years were duly investigated, and where required; the process to recover monies were initiated with some handed over to legal for further processing in attempts to ensure no unrecovered financial losses are suffered by the CETA.

Plans to Address Financial Challenges and Economic Viability

With the South African economy showing a future negative outlook, the CETA will continue to implement cost containment measures to reduce exposure to a potential decline in revenue without compromising on meeting our stakeholder expectations within limited resources at our disposal.

We will embark on our levy revenue improvement project, streamline our costs' structure and seek avenues to optimally invest our funds to earn better returns where possible.

Events after the reporting date

There were no known material adjusting events after reporting date affecting the annual financial statements. However, on 30 June 2022 CETA concluded legal review of legacy DG commitments included in the AFS and terminated DG contracts to the value of R626 million.

On 5 August 2022, the Honourable Minister concluded the appointment of the CETA Chairperson effective 19 August 2022.

Acknowledgements and Appreciation

I wish to extend my sincere gratitude to the CETA's management and employees for their commitment during what can only be described as a gruelling year. I am extremely grateful to our stakeholders, including training providers, learners, strategic partners, universities, and TVETs for their unwavering support and commitment towards the sector and the CETA as a skills authority.

I would like to express my appreciation to the Honourable Minister of Higher Education, Science and Innovation, Dr. Blade Nzimande for entrusting us with capacitation and skilling the construction and built environment sector and his leadership in skills development for the Republic.

I look forward with eagerness to the next financial period, where much is expected from a training authority for two critical sectors. I am confident that the CETA will achieve its skills development mandate and position skills agenda and provisioning as a foundation for all done in the sector.

MR MALUSI SHEZI
As delegated by the Accounting Authority

Statement of responsibility and confirmation of accuracy for the CETA annual report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the draft annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Accepted Accounting Practice (GRAP) and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2022.

Yours faithfully,

MR MALUSI SHEZI
As delegated by the Accounting Authority
10 August 2022

Construction Education and Training Authority

Strategic Overview

The CETA vision, mission, values and value proposition statement were reviewed and agreed as follows:

VISION

"To be a pillar for skills development and nation-building"

MISSION

"To position skills as a foundation economic development and for empowerment"

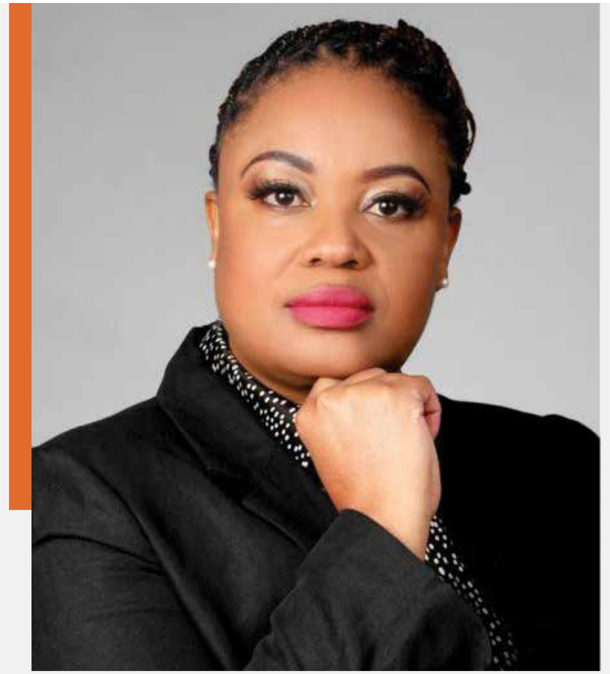
VALUES

Agile
Results-oriented
Integrity
Respect
Professionalism

"Developing Skills. Serving Society"

VALUE PROPOSITION STATEMENT

"To provide skills development services by implementing the objectives of the National Skills Development Plan (NSDP 2030); to increase the number of people that obtain critical or scarce skills needed, and to build the capacity of the construction sector to be economically sustainable and globally competitive"



Ms Molebogeng Thobela
Executive Manager Strategic Support

Legislative and other Mandates

Legislative Mandates

The Construction Education and Training Authority is established in terms of the Skills Development Act, 1998, Act No.97 of 1998 as amended and listed in terms of the Public Finance Management Act, 1999 (Act No, 1 of 1999) as amended as a Schedule 3A public entity.

The following are the legislative, policies and other frameworks that govern the work of the CETA:

- Income Tax Act 1962 –Tax Allowance, (Act 58 of 1962),
- Basic Conditions of Employment Act (BCEA) 1997, (Act 75 of 1997): Sectoral Determination No 5: Learnerships,
- Employment Equity Act 1998, (Act 55 of 1998),
- Skills Development Act 1998 (Act 97 of 1998),
- Public Finance Management Act 1999, (Act 1 of 1999),
- Skills Development Levies Act, 1999 (Act 9 of 1999),
- The National Qualifications Framework (NQF) Act (Act 67 of 2008),
- Broad-Based Black Economic Empowerment Amendment Act 2013, (Act 46 of 2013),
- SETA Grants Regulations (2012),
- Promotion of Access to Information Act, (2 of 2000), and
- Preferential Procurement Policy Framework Act, (5 of 2000).

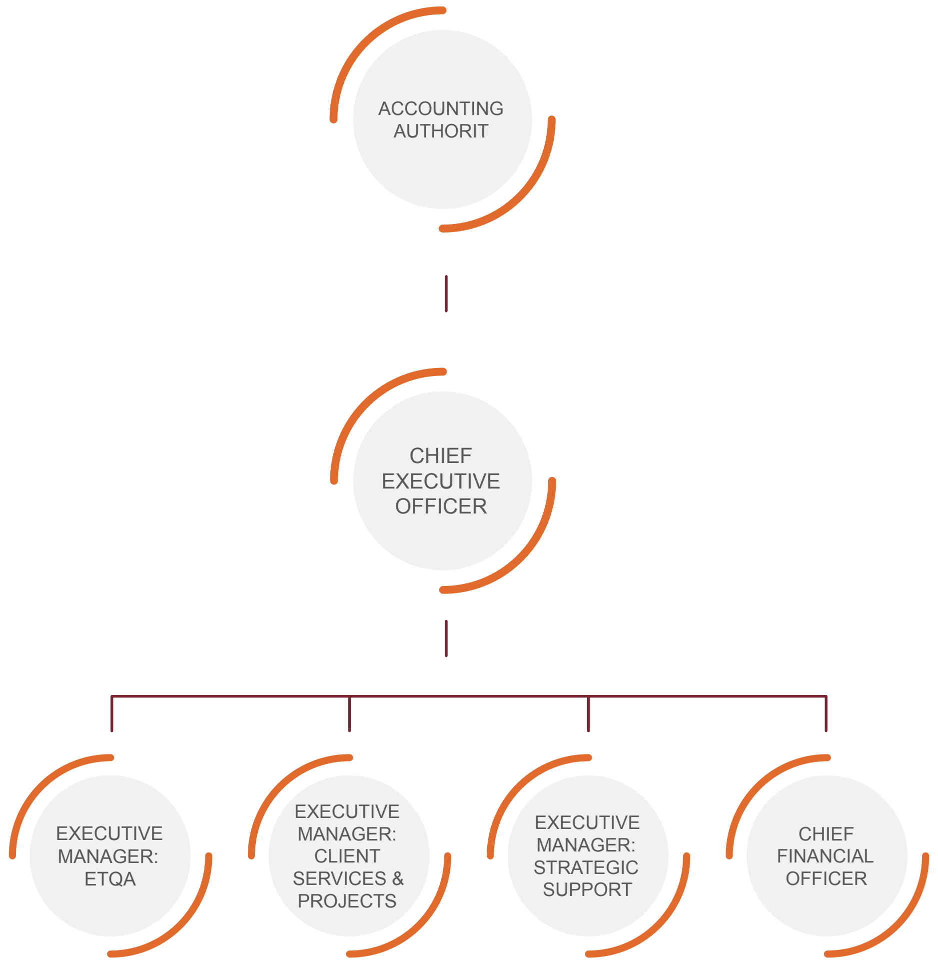
Policy Mandates

CETA's strategic planning process has taken into consideration the aims and objectives of the Human Resources Development Strategy for South Africa, which outlines the human resources development strategy for the country; the Medium-Term Strategic Framework (MTSF), which is a broad Government framework that indicates economic growth drivers and the National Skills Development Plan 2030 (NSDP). These mandates serve as the roadmap for CETA within which to deliver our skills development interventions.

- The National Development Plan (NDP) (2013),
- National Human Resource Development (HRD) Strategy of South Africa,
- White Paper on Post-School Education and Training (PSET),
- National Skills Development Plan 2030,
- National Infrastructure Maintenance Strategy (2007),
- Comprehensive Rural Development Programme (2009),
- Strategic Infrastructure Projects (2012),
- Transformation in the Construction Sector: Construction Charter Codes (2017), and
- Economic Reconstruction and Recovery Plan (2020).

CETA ANNUAL REPORT 2021/2022

Organisational Structure



CETA EXECUTIVES

*From left to right: Executive Manager Strategic Support - **Molebogeng Thobela**; Acting CFO - **Tshenolo Lefutswe**; CEO - **Malusi Shezi**; Executive Manager Client Services and Projects / ETQA- **Phumzile Yeko**.*

PERFORMANCE INFORMATION

PART B

“Developing Skills. Serving Society”

2021 / 2022

Auditors Report On Perfomance Information

Refer to pages 78 - 83 of the Report for the Auditor's Report, published as Part E.

Situational Analysis

Service Delivery Environment

The CETA Annual Report is the repository of qualitative information developed and informed by the National Skills Development Plan (NSDP) 2030 and its objectives. Programmes, objectives, targets, and budgets have been put in place to ensure that the NSDP (2030) goals, outcomes, and outputs, which have been adopted as strategic objectives for the CETA are achieved. These objectives are reviewed annually as part of the annual strategic planning process to ensure relevance and to take into consideration the dynamics within the CETAs operating landscape

The CETA has identified the following as its primary strategic objectives:

Primary Strategic Objectives are as follows:

- Support skills development of new entrants or unemployed to the Construction Sector;
- Enhance the skills of the existing workforce of the Construction Sector;
- Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector
- Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions; and
- Support national imperatives in relation to skills development, with emphasis on the Construction Sector.

Organisational Environment

The organisation exited Administration in February 2022; however, the work to realise clean administration, improve performance and build good relations with stakeholders continues, and the leadership of the organisation will continue to implement projects that will contribute towards this.

The organisation appointed new executives, and this provided seamless transition from administration.

Internally, measures to return the CETA to normality were well underway. The CEO commenced his duties in September 2021. An organisational redesign process commenced, with the Administrator reviewing the organisational structure to ensure alignment with the strategy, objectives and value chain. Various initiatives took place, culminating in the unveiling a new organisational structure in December 2021. The following activities took place as a precursor to this:

- Change management initiatives were put in place. This was necessary to ensure that employees were not merely passengers on this journey, but active participants in the creation of the new CETA,
- Job profiles were reviewed and updated in line with the new structure,
- Policies and procedures were reviewed and updated,
- Salary benchmark was undertaken against other CETAs as well as the broader market,
- Employees were placed in their new positions in the new structure, taking into account their qualifications and experience within the CETA,
- A performance management policy was developed, and
- A Delegations of Authority was approved by the Administrator.

CETA ANNUAL REPORT 2021/2022

Summary of Performance

The CETA has improved its overall performance during the 2021/22, to 62%. To ensure continued improvements in performance, the CETA has identified the following areas which it continues to strengthen:

DG Allocations – The DG windows opened in the new financial year will focus on general allocation to CETA's levy and non-levy payers. The DG windows are aligned to the strategic priority areas of the organisation, ensuring that the CETA is aligning to the industry and catering to the specific needs identified.

Strategic Partnerships – Some of the CETA's strategic partnerships were affected by the COVID-19 pandemic. The CETA had started engagement with its key partners and to aid the organisation in achieving its targets. Programmes that were severely affected by the lack of effective partnerships, were Learnerships, Artisans, Internships, TVET placements, HET placements, Candidacy partnerships with Universities, and TVET colleges. These challenges also affected CETAs support to SMMEs, NGOs, and the development and registration of new occupational qualifications.

In addition the following has been achieved:

- The levy payer base increased by 5.4% employers and a 15% increase in the submission of WSPs and ATRs in the previous financial period,
- 8473 learners entered learning programes,
- 13927 unemployed learners were on our skills programes, learnerships, internships, candidacy, apprenticeships and bursaries,
- 160 construction sector workers were on our skills programes, learnerships, internships, candidacy, apprenticeships and bursaries,
- 7 SMEs were funded by CETA,
- 22 women owned entities awarded DGs,
- 32 projects awarded to Co-operatives, NGOs, and NPOs,
- 2 trade unions were trained,
- 6 375 learners completed and were certificated during the year,
- 60 entities were accredited, and
- 604 moderators and assessors were accredited.

Going Forward

The organisation is on a quest to improve efficiencies by digitising its processes. This is a process that is envisaged to continue until FY 2024/25. These processes will ensure that stakeholders (both internally and externally) are supported more efficiently in the execution of their own objectives in supporting the skills revolution within the sector.

Research Agenda

Partnerships in research will be actively sought. The CETA research topics are centered around innovation in the sector and implications for local manufacturing. Employee Development.

Supporting employees in their new roles is a major area of focus for the CETA. Empowered staff will better service stakeholders.

Establishment of Chambers

The CETA is in the early stages of the establishment of Chambers, which will greatly improve interaction, cooperation and collaboration with the sectors serviced by the CETA.

Outcome Orientated Goals

- Goal 1: To provide ethical and strategic leadership and management,
- Goal 2: To ensure a credible mechanism for skills planning and reporting in the construction sector,
- Goal 3: To address skills priorities within the construction sector, and
- Goal 4: Implementation of Quality Assurance that will enhance and ensure provision of quality training.

The Programme Structure:

The CETA's Strategic Plan and Annual Performance Plan are made up of four broad programmes. These programmes are aligned to the Department of Higher Education and Training's and Treasury Guideline Strategic Framework as follows:

Programme 1: Administration

Programme 2: Skills Planning and Reporting

Programme 3: Learning Programmes and Projects

Programme 4: Quality Assurance

Programme 1: Administration

- Corporate Services / Strategic Support,
- Finance,
- Governance, and
- Information and Communication Technology.

Programme 2: Research, Planning and Reporting

- Skills Planning,
- Skills Performance Reporting, and
- Research.

Programme 3: Learning Programmes and Projects

- Implementation of learning programmes e.g: Short Skills Programmes,
- Learnerships,
- Apprenticeships,
- Graduate Placements,
- Work Integrated Learning,
- Recognition of Prior Learning,
- Candidacy,
- Development of Skills Centres,
- Development and Support of SMME's, Coops, NGOs, CBOs,
- Bursaries,
- Certifications (excluding trades),
- Partnerships, and
- Career and vocational guidance.

Programme 4: Quality Assurance

- NQF Provider Accreditations, and
- Qualifications Review and Development Monitoring Evaluation.

Performance Information by Programme

CETA 2021/22 PERFORMANCE SUMMARY

The CETA's overall audited performance for 2021/22 is 62%, this is an improvement from 22% overall performance achieved in the prior year.

The specific programmatic breakdowns are as follows:

Programme	Programme Name	Percentage achievement
Programme 1:	Administration	88%
Programme 2:	Research, Planning and Reporting	100%
Programme 3:	Learning programmes and Projects	40%
Programme 4:	Quality Assurance	100%
Overall		**62%**

PROGRAMME 1: ADMINISTRATION

GOAL: TO PROVIDE ETHICAL AND STRATEGIC LEADERSHIP AND MANAGEMENT.

Programme 1:	Administration
Purpose:	To provide strategic leadership, management and support services to the CETA
Sub-programme 1.1:	Corporate Services/Strategic Support
Purpose:	Provide Effective Human Capital Management
Sub-programme 1.2:	Finance
Purpose:	Sound Financial Management and accurate reporting
Sub-programme 1.3:	Governance
Purpose:	Exemplary Corporate Governance and Management
Sub-programme 1.4:	Information, Communication and Technology
Purpose:	Effective governance of ICT

Programme Output Indicators and Annual Targets for MTEF 2021/22

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement (YTD) 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Support national imperatives in relation to skills development with emphasis on the Construction Seta	Adequate provision and capacitated Human resources within the CETA	Reduce Vacancy rate to 25%	36%	39.43%	25%	19%	6%	Target achieved
	Adequate provision and capacitated Human resources within the CETA	% of staff trained or enrolled in further studies / received continuous development as per the skills matrix	100%	76.7%	100%	100%	-	**Target achieved**
	Adequate provision and capacitated Human resources within the CETA	Provide bursaries to CETA staff	17	10	10	10	-	**Target achieved**

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement (YTD) 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Respond changing sectoral and including contributing transformation through development the sector	Increased inclusion of women on CETA programmes	Increase in percentage of women participating on all learning programmes	-	-	54%	60%	62%	**Target Exceeded** More focus placed on transformation imperatives, and embedded in DG evaluation process
Support national imperatives relation to development with emphasis on the SETA	Statutory compliance requirement adhered to an opinion	Quarterly financial reports are submitted to DHET	4	4	4	4	-	**Target achieved**
		Creditor age Treasury Regulations.	30 days	91 days	30 days	35 days	(5 days)	**Target not achieved** Delays experienced verifying payments. invoice tracking tool is being considered for implementation.
		Audit conducted by Auditor General	Unqualified audit opinion	Qualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	-	**Target achieved**
Support national imperatives in relation to skills development with emphasis on the Construction SETA	Functional governance structures in operation to monitor the functionality organization with requirements	Number of functional governance committees meeting on a quarterly basis to provide oversight on the delivery of the CETA's mandate and provide guidance	7	2	4	4	-	**Target achieved**
	Functional governance structures in operation to monitor the functionality organization with requirements	Number functional governance committees meeting monthly basis oversight delivery CETA's and guidance	12	8	12	6	(6)	**Target not achieved** Target could not be achieved CETA under Administration processes being refined. To ensure governance; EXCO meetings commenced continued; with team Administrator; and later Executives CEO.

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement (YTD) 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Support national imperatives in relation to skills development with emphasis on the Construction SETA	Functional governance structures in operation to monitor the functionality organization with requirements	Number functional governance committees meeting monthly Committee) basis to provide oversight on the CETA's and guidance	6	0	6	0	(6)	**Target not achieved** Since was Administration there was no FinCom.
	Functional governance structures in operation to monitor the functionality organization with requirements	Review approved delegation Authority Framework	Approved Delegation of Authority Framework	Approved Delegation of Authority Framework	Approved Delegation of Authority Framework	Approved Delegation of Authority Framework	-	**Target achieved**
	Functional governance structures in operation to monitor the functionality organization with requirements	All procedures approved annually	Approved policies and procedures	Approved policies and procedures	Approved policies and procedures	Approved policies and procedures	-	**Target achieved**
	Functional governance structures in operation to monitor the efficiency and functionality of the organization in line with statutory requirements	Transformation scorecard	-	0	1	1	-	**Target achieved**
	Efficient risk management structures in place to monitor the efficiency and functionality of the organization in line with statutory requirements	Effective and Efficient Systems of Risk Management, Internal Controls and Organisational Compliance: Approved and review annual risk and compliance plan	-	0	1	1	-	**Target achieved**
		Effective and Efficient Systems of Risk Management, Internal Controls and Organisational Compliance: Approved and review annual risk register and compliance universe	-	0	1	1	-	**Target achieved**

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement (YTD) 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Support national imperatives in relation to skills development with emphasis on the Construction SETA	Efficient risk management structures in place to monitor the efficiency and functionality of the organization in line with statutory requirements	Effective and Efficient Systems of Risk Management, Internal Controls and Organisational Compliance: Risk and Compliance awareness	-	0	2	2	-	**Target achieved**
		Effective and Efficient Systems of Risk Management, Internal Controls and Organisational Compliance: Annual assessment of organizational risk maturity	-	0	1	1	-	**Target achieved**
		Effective and Efficient Systems of Risk Management, Internal Controls and Organisational Compliance: Risk and compliance monitoring as per the signed off plan	-	0	1	1	-	**Target achieved**
		Effective and Efficient Systems of Risk Management, Internal Controls and Organisational Compliance: Quarterly risk register and compliance universe update	-	0	4	4	-	**Target achieved**
		Effective and Efficient Systems of Risk Management, Internal Controls and Organisational Compliance: Quarterly reporting	-	0	4	4	-	**Target achieved**

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement (YTD) 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector	A responsive ICT system	ICT Strategic and Implementation Plan are approved annually, monitored, and analyzed responsive to ICT systems performance.	1	1	1	1	-	**Target achieved**
	Enhanced reputation of the CETA through public relations and marketing activities	Number of marketing activities through existing projects and implementation of other cost-effective branding initiatives	-	0	1	1	-	**Target achieved**
		Regular feedback with media houses (broadcasting, print and radio) and use of new media to raise the profile of the CETA	1	0	4	4	-	**Target achieved**
		Report on media engagement from stakeholders and management thereof	-	0	2	2	-	**Target achieved**
Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector		Number of training and awareness campaigns for staff on COVID-19 and consequent safety in the workplace	-	-	2	2	-	**Target achieved**

"Developing Skills. Serving Society"

PROGRAMME 2: RESEARCH, PLANNING AND REPORTING

GOAL: TO ENSURE A CREDIBLE MECHANISM FOR SKILLS PLANNING AND REPORTING IN THE CONSTRUCTION SECTOR

Programme 2:	Research, Planning and Reporting
Purpose:	To ensure a credible mechanism for skills planning and reporting in the construction sector.
Sub-programme 2.1:	Skills Planning
Purpose:	To ensure effective planning to address the skills priorities in the sector
Sub-programme 2.2:	Skills performing reporting
Purpose	To ensure effective reporting on skills priorities in the sector
Sub-programme 2.3:	Research
Purpose	To ensure relevant and applicable research on skills priorities in the sector

Programme Output Indicators and Annual Targets for MTEF 2021/22

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/21	Planned Actual Target 2021/2022	*Actual Achievement (YTD) 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviation
Enhance the skills of the existing workforce of the Construction Sector	Identified interventions required to improve enrolment and completion of priority occupations	Number of levy paying members with submitted and approved WSPs and ATRs that contribute to the development of the SSP	2397	2405	2300	2410	110	**Target Exceeded** CETA increased focused support to stakeholders to submit their WSP/ ATRs, thereby increasing the numbers.
		1 SDF workshop per province per annum on WSP and ATR compilation and submission	9	3	9	9	-	**Target achieved**
		Produce an updated and approved Sector Skills Plan aligned to the DHET SSP Framework	1	1	1	1	-	**Target achieved**
Support national imperatives in relation to skills development, with emphasis on the Construction Sector	Accurate and compliant reporting on CETA Performance Information	Quarterly Monitoring Reports (QMR) are submitted to DHET and validation reports are kept	4	4	4	4	-	**Target achieved**
Respond to changing sectoral needs to priorities including contributing to transformation through skills development in the construction sector	Research conducted that underpins the CETA strategy	Perform at least one research activity to measure the delivery of skills in the sector	1	1	1	1	-	**Target achieved**

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

GOAL: TO ADDRESS SKILLS PRIORITIES WITHIN THE CONSTRUCTION SECTOR.

Purpose:	To address skills priorities within the construction sector
Sub-programme 3.1:	Implementation of learning programmes
Purpose:	To ensure the skills needs in the sector are addressed with adequately skilled workforce
Sub-programme 3.2:	Graduate placements
Purpose:	To address transformation challenges within the built environment through increasing access to built environment professions for individuals from previously disadvantaged groups.
Sub-programme 3.3:	Development of Skills Centres
Purpose:	Greater Access by Marginalized Communities To Skills Development Through Infrastructural Support
Sub-programme 3.4:	Development and support of SMME's, COOPs, NGOs, CBOs and NPOs
Purpose:	A Vibrant Civil Society Engagement In Skills Development Within The Construction Sector
Sub-programme 3.5:	Partnerships
Purpose:	Strengthened Collaboration and Partnerships for skills development in the construction sector
Purpose:	Bursaries
Sub-programme 3.6:	An increased pool of skilled and competent graduates to enter the construction sector
Sub-programme 3.7:	Career and vocational guidance
Purpose	Increased knowledge and interest in the construction careers
Sub-programme 3.8:	Certification (excluding trades)
Purpose	Increased throughput of learners on accredited construction programmes through a strengthened certification process

3.1 Programme Output Indicators and Annual Targets for MTEF 2021/2022

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviation
Support skills development of new entrants or unemployed people into the construction sector	National enrolment and resource ratios for the high, intermediate, and elementary skills level	Percentage of discretionary grant budget allocated at developing high level skills	-	18%	20%	19%	(1%)	**Target not achieved** The DG budget allocations were limited by SDA and PFMA thresholds compliance.

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
And Enhance the skills of the existing workforce of the construction sector	National enrolment and resource ratios for the high, intermediate, and elementary skills level	Percentage of discretionary grant budget allocated at developing intermediate level skills	-	79%	60%	69%	9%	**Target Exceeded.**
		Percentage of discretionary grant budget allocated at developing elementary level skills	-	3%	20%	12%	(8%)	**Target not achieved** The DG budget allocations were limited by SDA and PFMA thresholds compliance.
	Learners in employment (internships, skills programmes, bursaries, learnerships completed)	Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment	-	-	1179	-	(1179)	**Target not achieved** The Learner Placement Strategy has been developed and will be implemented. CETA will also have results for the tracer study available in September 2022 to further focus its strategy.
Respond to changing sectoral needs to priorities including contributing to transformation through skills development in the construction sector	Research on TVET curriculum development	Number of sector research agreements signed for TVET growth occupationally directed programmes	-	-	1	-	(1)	**Target not achieved** Research agenda and engagements with TVET Colleges were not finalised timeously.
	Learnerships entered							
Support skills development of new entrants or unemployed people into the construction sector	Increased number of learnerships entered	Number of unemployed learners per year entering in learnerships	2747 (funded)	63 (funded)	873 (funded)	414 (funded)	(459)	**Target not achieved**

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Support skills development of new entrants or unemployed people into the construction sector And Enhance the skills of the existing workforce of the construction sector	Increased number learnerships entered	Number of unemployed learners per year entering in learnerships	197 (unfunded)	73 (unfunded)	417 (unfunded)	53 (unfunded)	(364)	**Target not achieved**
			-	-	-	-	-	CETA has minimal control over this target; which relies largely on the stakeholders within the sector to report on registration of entered learners on the Indicium system.
		Number of employed learners per year entering in learnerships	43 (funded)	1 (funded)	89 (funded)	31 (funded)	(58)	**Target not achieved** Entities recruited late and therefore could not implement on time
		Number of employed learners per year entering in learnerships	31 (unfunded)	37 (unfunded)	63 (unfunded)	80 (unfunded)	17	**Target exceeded** The CETA increased assistance to employers to register learners on the Indicium system.
	Learnership completed							
	Increased number of learnerships completed	Number of unemployed learners per year completing learnerships	764 (funded)	1437 (funded)	1640 (funded)	1672 (funded)	32	**Target exceeded** The CETA focused on supporting the certification backlog.
		Number of unemployed learners per year completing learnerships	832 (unfunded)	510 (unfunded)	209 (unfunded)	566 (unfunded)	357	**Target exceeded** The CETA increased assistance to employers to register learners on the Indicium system.
		Number of employed learners per year completing learnerships	41 (funded)	2 (funded)	103 (funded)	-	(103)	**Target not achieved** Training providers were appointed late in the FY, thereby affecting entering in the year to get completions on time.
	Increased number of learnerships completed	Number of employed learners per year completing learnerships	83 (unfunded)	30 (unfunded)	30 (unfunded)	96 (unfunded)	66	**Target exceeded** The CETA increased assistance to employers to register learners on the Indicium system.

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Support skills development of new entrants or unemployed people into the construction sector And Enhance the skills of the existing workforce of the construction sector	Increased number of skills programmes entered	Number of unemployed learners per year entering skills programmes	3447 (funded)	403 (funded)	227 (funded)	5359 (funded)	5132	**Target Exceeded** The CETA 's implementation of the ERRP assisting in exceeding the target.
		Number of unemployed learners per year entering skills programmes	6273 (unfunded)	125 (unfunded)	298	121 (unfunded)	(177)	**Target not achieved** The CETA has minimal control over this target; which relies largely on the stakeholders within the sector to report on new registration of learners on the Indicium system.
		Number of employed learners per year entering skills programmes	45 (unfunded)	10 (unfunded)	218	34 (unfunded)	(184)	**Target not achieved** The CETA has minimal control over this target; which relies largely on the stakeholders within the sector to report on new registration of learners onto Indicium system.
	Increased number of skills programmes entered	Number of employed learners per year entering skills programmes	57 (funded)	-	-	-	-	Not measured and therefore there is no deviation against this target. This performance indicator is included as per DHET SLA template, with no target.
	Increased number of skills programmes completed	Number of unemployed learners per year completing skills programmes	353 (funded)	152 (funded)	800 (funded)	157 (funded)	(643)	**Target not achieved** The late implementation by training providers of some awarded ERRP skills programme projects affected the completion rates and learners could not be certificated within the financial year.
		Number of unemployed learners per year completing skills programmes	313 (unfunded)	258 (unfunded)	500	715 (unfunded)	215	**Target Exceeded** The CETA assisted employers where necessary to register learners on the

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Support skills development of new entrants or unemployed people into the construction sector And Enhance the skills of the existing workforce of the construction sector	Increased number of skills programmes completed	Number employed learners year completing skills programmes	-	-	-	-	-	Not measured and therefore there is no deviation against this target. This performance indicator is included as per DHET SLA template, with no target.
		Number of employed learners per year completing skills programmes	0 (unfunded)	23 (unfunded)	75 (unfunded)	3 (unfunded)	(72)	**Target not achieved** The CETA has minimal control over this target which relies largely on the stakeholders within
	Artisan Entered							
	Increased number of artisans entered	Number of unemployed learners per year entering artisan programmes	1248 (funded)	514 (funded)	2050 (funded)	1788 (funded)	(262)	**Target not achieved** Implementation dates were affected by the late accreditation of some entities.
		Number of unemployed learners per year entering artisan programmes	59 (unfunded)	11 (unfunded)	608 (unfunded)	23 (unfunded)	(585)	**Target not achieved** The CETA has minimal control over this target which relies largely on the stakeholders within the sector to report on new registration of learners on the Indicium system.
		Number of employed learners per year entering artisan programmes	-	-	-	-	-	Not measured and therefore there is no deviation against this target. This performance indicator is included as per DHET SLA template, with no target. Not measured and therefore there is no deviation against this target. This performance indicator is included as per DHET SLA template, with no target.
		Number of employed learners per year entering artisan programmes	0 (unfunded)	0 (unfunded)	-	-	-	
	Artisan Completed							

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Support skills development of new entrants or unemployed people into the construction sector And Enhance the skills of the existing workforce of the construction sector	Increased number of artisans completed	Number of unemployed learners per year completing artisan programmes	75 (funded)	-	1824	2782 (funded)	958	**Target Exceeded** The CETA supported the industry in terms of increasing capacity of certification processes.
		Number of unemployed learners per year completing artisan programmes	179 (unfunded)	0 (unfunded)	305 (unfunded)	0 (unfunded)	(305)	**Target not achieved** The CETA has minimal control over this target in terms of projects being implemented and relies largely on the stakeholders within the sector to report against this indicator.
	Increased number of artisans completed	Number of employed learners per year completing artisan programmes	-	-	-	-	-	Not measured and therefore there is no deviation against this target. This performance indicator is included as per DHET SLA template, with no target.
		Number of employed learners per year completing artisan programmes	0 (unfunded)	0 (unfunded)	-	-	-	Not measured and therefore there is no deviation against this target. This performance indicator is included as per DHET SLA template, with no target.
	Increased number of bursaries entered	Number of unemployed bursaries learners enrolled (new enrolments)	458 (funded)	100 (funded)	42 (funded)	112 (funded)	70	**Target Exceeded** The CETA DG allocation included bursaries for the FY which were responded to positively.
		Number of unemployed bursaries learners enrolled (continued)	-	-	638 (funded)	223 (funded)	(415)	**Target not achieved** Learners were not initially entered on the system due to the change from manual to an online system. The CETA is still in discussion with DHET on how to report on this target.

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Support skills development of new entrants or unemployed people into the construction sector And Enhance the skills of the existing workforce of the construction sector	Increased number of bursaries entered	Number of employed bursaries learners enrolled (new enrolments)	-	-	45 (funded)	15 (funded)	(30)	**Target not achieved** Learners were not initially entered on the system due to the change from manual to an online system. The CETA is still in discussion with DHET on how to report on this target
		Number of employed bursaries learners enrolled (continued)	-	-	35 (funded)	-	(35)	**Target not achieved** Due to poor academic performance of learners who were supposed to complete in 2021/22, completions could not be achieved.
	Increased number of bursaries completed	Number of bursaries completed: Employed learners per year	-	-	78 (funded)	-	(78)	**Target not achieved** Due to poor academic performance of learners who were supposed to complete in 2021/2022, the completions could not be achieved.
		Number of bursaries completed: Unemployed learners per year	109 (funded)	95 (funded)	131 (funded)	216 (funded)	85	**Target Exceeded** Several bursary candidates completed their studies successfully and were certified.
	Increased number of internships entered	Number of unemployed learners per year entering internships	252 (funded)	3 (funded)	148 (funded)	112 (funded)	(36)	**Target not achieved** Some entities accepted the offers but did not implement the projects within the FY.
	Increased number of internships completed	Number of unemployed learners per year completing internships	-	221 (funded)	104 (funded)	1 (funded)	(103)	**Target not achieved** The projects started late, negatively affecting completions.
	Increased number of University Student Placement entered per year	Number of University Student Placement entered per year	35 (funded)	78 (funded)	114 (funded)	65 (funded)	(49)	**Target not achieved** Entities recruited late and therefore could not implement on time.

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Support skills development of new entrants or unemployed people into the construction sector And Enhance the skills of the existing workforce of the construction sector	Increased number of University Student Placement completed per year	Number of University Student Placement completed per year	-	-	60 (funded)	4 (funded)	(56)	**Target not achieved** Entities recruited late and therefore could not implement on time.
	Increased number of TVET Student Placement entered per year	Number of TVET Student Placement entered per year	120 (funded)	183 (funded)	227 (funded)	226 (funded)	(1)	**Target not achieved** Learners who receive new opportunities leave the programme before the implementation is complete.
	Increased number of TVET Student Placement completed per year	Number of TVET Student Placement completed per year	-	1 (funded)	60 (funded)	34 (funded)	(26)	**Target not achieved** Entities recruited late and therefore could not implement on time.
	Increased number of Candidacy programmes entered per year	Number of learners entering Candidacy programmes per year	68 (funded)	124 (funded)	227 (funded)	128 (funded)	(99)	**Target not achieved** Entities recruited late and therefore could not implement on time.
	Increased number of Candidacy programmes completed per year	Number of learners completing Candidacy programmes per year	-	-	58 (funded)	-	(58)	**Target not achieved** Candidacy programmes of the CETA need to be aligned to industry to cater for extended periods beyond the three years that are funded.
Support national imperatives in relation to skills development with emphasis on the construction sector	Supported skills development centres in construction sector	Number of skills development centres in the construction sector supported	1	-	7	7	-	**Target achieved**

3.2 Programme Output Indicators and Annual Targets for MTEF 2021/22

SUBPROGRAMME: PARTNERSHIPS – UNIVERSITY, TVET AND CET

Purpose/Strategic Objective: Strengthened Collaboration and Partnerships for skills development in the construction sector

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions	SETA/University partnerships funded by the CETA through discretionary grants for construction sector programmes	Number of SETA/ University partnerships funded by the CETA through the discretionary grants for Construction sector programmes	1	-	10	-	(10)	**Target not achieved** Not all universities could be engaged within the FY to ensure effective partnerships.
	SETA/TVET College partnerships supported and signed MOUs with CETA to deliver and implement skills development programmes in construction sector	Number of SETA/TVET College partnerships supported and signed MOUs with CETA to deliver and implement skills development programmes in the construction sector Number of CET partnerships established	8	-	35	13	(22)	**Target not achieved** Not all TVET Colleges could be engaged within the FY to ensure effective partnerships.
	CET partnerships established	Number of CET partnerships established	-	-	9	9	-	**Target achieved**
Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions	Institutions to improve delivery through skills development	Number of partnerships with private institutions improve service delivery through skills development	-	-	7	29	22	**Target Exceeded** The CETA expediated its relations with employers to ensure alignment with the industry.

3.3 Programme Output Indicators and Annual Targets for MTEF 2021/2022

SUBPROGRAMME: DEVELOPMENT AND GROWTH OF PUBLIC COLLEGE SYSTEM

Purpose/ Strategic Objective: Support the growth of the public college system

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector	Supported TVET Colleges	Number of CETA Offices established and maintained in TVET Colleges	-	-	2	3	1	**Target achieved** The CETA has offices at TVET Colleges in Gauteng, Free State and Limpopo
		Number of TVET Lecturers exposed to the industry	-	-	10	270	260	**Target Exceeded** The CETA had a specific programme with NAFBI which attracted a high number of TVET lecturers.
		Number of TVET colleges lecturers awarded bursaries	-	-	5	5	-	**Target achieved**
		Number of TVET colleges infrastructure development support (equipment/workshops)	-	-	9	9	-	**Target achieved**
	Supported CET Colleges	Number of CET colleges lecturers awarded bursaries	-	-	9	9	-	**Target achieved**
		Number of CET colleges infrastructure development support (equipment/workshops/ Connectivity/ICT)	-	-	4	4	-	**Target achieved**
Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector		Number of Managers receiving training on curriculum related studies.	-	-	12	-	(12)	**Target not achieved** The CETA had engaged some of the TVET Colleges too late in the FY. More focus will be placed on the target at the start of the FY.

3.4 Programme Performance Indicators and Annual Targets for MTEF 2021/2022

SUB-PROGRAMME: DEVELOPMENT AND SUPPORT OF SMME'S, COOP'S, NGO'S, CBO'S AND NPO'S

Purpose: A Vibrant Civil Society Engagement in Skills Development within the Construction Sector

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector	Cooperatives supported with training interventions and or funded	Number of Cooperatives funded for skills that enhance enterprise growth and development	1	-	9	1	(8)	**Target not achieved** The targeted programme for Cooperatives was not implemented within the FY.
	SMMEs in the construction sector supported through funding and/or accreditation	Number of Small Businesses funded for skills that enhance enterprise growth and development	-	-	21	7	(14)	**Target not achieved** The CETA had aimed to target small business within its DG window, however, only few entities had applied.
	People trained on entrepreneurships supported to start their businesses	Number of people trained on entrepreneurships supported to start their businesses	-	-	9	-	(9)	**Target not achieved** The CETA did not employ a dedicated programme targeted at entrepreneurship within the FY.
	NGO's supported with skills development programmes within interventions the construction sector	Number of CBO's/ NGO's/ NPO's funded for skills that enhance sustainability of their the development and organisation activities.	2	-	12	31	19	**Target Exceeded** focused on The CETA targeting NGO's within its DG window
	Capacity building workshops held in skills development for Trade Union support	Number of capacity building workshops in Skills Development for Trade Union support	-	-	2	2	-	**Target achieved**

3.5 Programme Output Indicators and Annual Targets for MTEF 2021/2022

SUB PROGRAMME: PARTNERSHIPS

Purpose/Strategic Objective: Strengthened Collaboration and Partnerships for skills development in the construction sector

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions	Partnerships with public institutions to improve service delivery through skills development	Partnerships entered with public institutions to improve service delivery through skills development	14	-	13	19	6	**Target Exceeded** The public sector is of strategic importance to the CETA and importance was placed on these partnerships.
	Public sector projects in rural areas	Number of public sector projects in rural areas planned for delivery of skills development programmes in the construction sector	-	-	20	22	2	**Target Exceeded** The CETA placed focus on rural skills programmes as a key area of transformation for the sector.
	Workshop with each of the 6 councils within the built environment sector	Conduct one workshop with each of the 6 councils within the built environment sector	-	-	6	-	(6)	**Target not achieved** Although engagements with the councils were conducted; the CETA has planned to coordinate the workshops more effectively in the new FY.

3.6 Programme Output Indicators and Annual Targets for MTEF 2021/2022

SUB-PROGRAMME: IMPLEMENTATION OF LEARNING PROGRAMMES

Purpose/Strategic Objective: A skilled and capable workforce in the construction sector

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Enhance the skills of the existing workforce of the construction sector	Assessed RPLed learners	Number of Learners RPLed (assessed) through Recognition of Prior Learning	807	15	1460	129	(1331)	**Target not achieved** The entities failed to implement the programmes timeously.

3.7 Programme Output Indicators and Annual Targets for MTEF 2021/2022

SUB PROGRAMME: CAREER AND VOCATIONAL GUIDANCE

Purpose/ Strategic Objective: Increased knowledge and interest in the construction careers

Outcome	Output	Output Indicators	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Outcome	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
Respond to changing needs sectoral and priorities including contributing to transformation through skills development in the construction sector	Career development exhibitions held in urban areas on occupations in high demand	Number of career development events in urban areas on occupations in high demand	26	26	-	22	23	1	**Target Exceeded** The CETA was able to partner where relevant with other public institutions where possible to achieve this target.
	Career development exhibitions held in rural areas on occupations in high demand	Number of career development events in rural areas on occupations in high demand	-	-	-	12	14	2	**Target Exceeded** The CETA placed focus on rural career exhibitions as a key area of transformation for the sector.
	Trained career development practitioners	Number of career development practitioners trained	-	-	-	10	-	(10)	**Target not achieved** The career guidance booklet is required for this achievement of this target and was not completed in time to conduct the training.
	Updated career guidance booklets for the construction sector	Number of career guidance booklets updated for the construction sector	1	1	1	1	-	(1)	**Target not achieved** The career guidance booklet is currently still in draft form, pending finalisation.

PROGRAMME 4: QUALITY ASSURANCE

GOAL: IMPLEMENTATION OF QUALITY ASSURANCE PROCESSES THAT WILL ENHANCE AND ENSURE QUALITY PROVISION OF TRAINING

Programme 4:	Quality Assurance
Purpose:	Implementation of quality assurance that will enhance and ensure quality provision of training
Sub-programme 4.1:	NQF Provider Accreditation
Purpose:	Accredited skills training in the construction sector
Sub-programme 4.2:	Qualifications review and development
Purpose:	Qualifications development
Sub-programme 4.3:	Monitoring and Evaluation
Purpose:	Increased and improved monitoring and evaluation of CETA programmes

Programme Output Indicators and Annual Targets for MTEF 2021/2022

Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviation
Support skills development of new entrants or unemployed people into the construction sector	Newly accredited training providers for short skills programmes	Number of new accredited training providers for short skills programmes	126	63	60	60	-	Target achieved
	Maintained database of CETA accredited training providers	Maintain database CETA accredited training providers	1	1	1	1	-	Target achieved
And Enhance the skills of the existing workforce of the construction sector	Maintained database of QCTO registered construction qualifications	Maintain database QCTO registered a of a of construction qualifications	1	1	1	1	-	Target achieved
	TVET Colleges accredited with the CETA	Number of accredited TVET Colleges with the CETA	7	0	6	6	-	Target achieved
	Support TVET College lecturers	Number of lecturers trained at TVET colleges	-	0	40	40	-	Target achieved

Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	*Actual Achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviation
Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the constructions sector	Signed SLA with QCTO	Signed SLA with QCTO for the CETA to be the DQP	1	1	1	1	-	Target achieved
	Register with new occupational qualifications and curriculum	Design, develop and register new occupational qualifications and curriculum	-	-	6	16	10	Target achieved
	Approved DQP projects	Number of DQP Projects approved	7	30	6	7	1	Target exceeded The CETA engaged industry and QCTO to ensure successful qualification development.
	A learnerships register maintained with DHET	Number of registered learnerships maintained with DHET	87	1	1	1	-	Target achieved
Support national imperatives in relation to skills development, with emphasis on the	Monitoring and Evaluation Policy is reviewed and approved by	Approved Monitoring and Evaluation Policy	0	0	1	1	-	Target achieved

Overview of the Client Services and Projects Division

Phumzile Yeko
Executive Manager CSP and ETQA

CETA is a client-centric organisation and as such the focus is largely given to the allocation and successful implementation of projects. CETA uses project management principles to positively contribute towards the learning and development of personnel within the construction sector in South Africa. All funds allocated towards learning initiatives are tracked using project management methodologies.

Client Services and Projects Report

For the CETA to deliver its mandate and meet the targeted performance objective, the Clients Services and Projects Department is made up of the following structures:

Learner Programmes Administration

- Verification of Quarterly Management Reports for LSH, SSP, Apprenticeship,
- Registration of learners for LSH, SSP, apprenticeship & Single unit standards,
- Issuing of a serial number for implemented apprenticeship programmes completed,
- Enrollment of learners for LSH & SSP (Employer is a CETA levy payer and implements qualification from another SETA),and
- Provide MIS training to stakeholders for uploading of learners.

Learning Programmes Implementation

- Contract Management,
- Bursaries,
- Internships,
- Candidacy,
- Higher Education Institution (HEI/HET) Student Placement, and
- Technical, Vocational, Education and Training (TVET) Student Placement.

Provincial Operations

The Provincial Offices are currently headed by Senior Managers. CETA maintains an office in all Provinces, however, for ease of co-ordination Northern Cape/ Free State; Mpumalanga/Limpopo; Gauteng/ North West are classified as regions, KwaZulu Natal, Western Cape and Eastern Cape remain as Provinces.

The provincial offices play an important role in the:

- Representation of the CETA in provinces as the first point of contact,
- Project implementation,
- Stakeholder management and support,
- Information dissemination with relevant stakeholders,
- Capacity building on CETA's processes for stakeholders,
- Conducting site verifications,
- Site visits,
- Workplace Approvals,
- Inductions,
- Project Monitoring, and
- External Moderation.

Through these departments, the CETA ensures the successful implementation of projects in conjunction with the relevant stakeholders to achieve the CETA's strategic priorities and other special projects of national interest.

Management of Grants for 2021/22

The discretionary funding window fosters strong partnerships between employers, public education institutions (TVET colleges, universities, universities of technology), government departments, SMMEs, NGOs, and private training providers to promote Work Integrated Learning (WIL).

The CETA allocated Discretionary Grant funding for approximately 5000 learners in various learning pathways during the year under review. The implementation of the projects allocated funding from the previous year mostly started late during the year under review due to the resuscitation of the companies from the effects of the COVID-19 pandemic. The implementation of learning initiatives was greatly affected and the fears of whether the stricter Disaster Management Act guidelines would return affected the start of many projects. During this time, the CETA managed to drastically clear the backlog of invoicing and stipend payments. The manual processes account for most of the delays faced.

A Biometric system for recording learner attendance was procured during the year under review and will be fully implemented in the new financial year.

Summary on Performance

In the year under review, the CETA entered a total of 8473 learners and completed 4995 across different learning pathways. The number of learners starting programmes in various pathways saw a significant increase from the previous year, as the Disaster Management Regulations were eased through the year.

NQF aligned learning pathways such as Learnerships had lower shortfalls than the previous year with an exception to the Short Skills Programme that exceeded the annual target by 2000%. The Discretionary Grant window opened during the year under review allocated funding for 4903 learners in different programmes,

Even though the target for Artisans entered was not achieved 1788 learners were entered and 2782 learners completed against the target of 1824.

The total number for completed is comprised of 5002 learners who were unemployed during the time of reporting. All these learners were funded by CETA as illustrated in the diagram below:

Monitoring and Evaluation

The CETA Skills Value Chain includes an independent monitoring and evaluation function of the funded projects as well as conducting external moderation for both CETA-funded and industry-funded projects.

Education Training and Quality Assurance (ETQA) Division

CETA is accredited with the South African Qualifications Authority (SAQA) as per ETQA Regulations, 1998 and under quality assurance delegation from the Quality Council for Trades and Occupations (QCTO) to perform ETQA functions for construction National Qualifications Framework (NQF) qualifications. Non-NQF construction skills development providers are accredited by the QCTO. The primary function of the CETA quality assurance is to monitor and audit the achievements in terms of national standards and qualifications standards by performing the following:

- Strengthen quality assurance through review, research, and development of appropriate and relevant quality assurance policies, in particular working with the QCTO to develop processes in line with their requirements.
- Identify and facilitate the generation of qualifications and unit standards to address skills needs in the CETA and submit those to the QCTO and the SAQA for registration on the Occupational Qualification Sub-Framework (OQSF).

Furthermore, the ETQA department plays a crucial role in the CETA in ensuring quality education through the accreditation, monitoring and auditing of the Skills Development Providers (SDPs). The department also ensures the registration of Facilitators, Assessors and Moderators; it develops Occupational Qualifications; administers, implements and certificates learning programme initiatives.

The ETQA divisional structure is made up of the following Units:

Qualification Development

The Qualifications Development (QD) Unit is responsible for:

- The development of new occupational qualifications.
- The re-alignment of historically registered qualifications (HRQs),
- Mapping out and compilation of applications to register the Learnerships aligned to construction qualifications or part qualifications registered on the NQF,
- Identify and facilitate the generation of qualifications and unit standards to address skills needs in the CETA and submit those to the QCTO and the SAQA for registration on the NQF.

CETA ANNUAL REPORT 2021/2022

Below is the list of registered CETA qualifications.

No.	Qual/LP ID (SAQA)	Qaulification Title (SAQA)	NQF Level	Credits
1.	20486	National Certificate: Surveying	4	153
2.	20487	National Certificate: Hydrographic Surveying	4	145
3.	20488	National Certificate: Photogrammetry Surveying	4	141
4.	20813	National Certificate: Construction Contracting	2	190
5.	22991	National Certificate: Refractories Installation	2	120
6.	22992	National Certificate: Refractories Masonry	3	120
7.	23675	National Certificate: Management of Building Construction Processes	5	204
8.	24133	National Certificate: Construction: Roadworks	2	120
9.	24173	National Certificate: Construction: Roadworks	3	155
10.	24194	National Certificate: Construction Material Manufacturing	4	130
11.	24196	National Certificate: Construction Material Manufacturing	3	120
12.	24198	National Certificate: Construction Material Manufacturing	2	120
13.	24273	National Certificate: Community House Building	2	124
14.	24295	National Certificate: Timber Roof Erecting	3	120
15.	24296	National Certificate: Construction: Installation of Floor Coverings	1	120
16.	48734	National Certificate: Architectural Technology	5	120
17.	48817	Further Education and Training Certification: Construction Materials Testing	4	142
18.	48961	National Certificate: Construction: Crane Operations	2	121
19.	49016	National Certificate: Construction: Concreting	3	152
20.	49017	National Certificate: Construction Materials Testing	3	120
21.	49022	National Certificate: Floor Covering Installation	2	141
22.	49058	National Certificate: Construction Materials Testing	2	120
23.	49063	National Certificate: Geographical Information Sciences	5	121
24.	49080	National Certificate: Construction: Advanced Crane Operations	3	123
25.	49081	National Certificate: Construction: Advanced Plant Operations	3	123
26.	49410	National Certificate: Construction	2	120
27.	49411	General Education and Training Certificate: Construction	1	120
28.	49602	National Certificate: Construction: Geotechnical	3	145
29.	50022	National Certificate: General Draughting	3	121
30.	57162	National Certificate: Aluminium Fabrication and Installation	2	153
31.	58247	National Certificate: Ceiling and Partitioning Installation	3	129
32.	58780	Further Education and Training Certificate: Quantity Surveying	4	145
33.	65409	National Certificate: Building and Civil Construction	3	140
34.	65709	National Certificate: Construction: Steelwork	3	120
35.	65769	National Certificate: Glazing	2	138
36.	65789	National Certificate: Construction Plant Operations	2	120
37.	65891	Further Education and Training Certificate: Construction: Plumbing	4	120
38.	65929	National Certificate: Waterproofing	2	121
39.	65949	Further Education and Training Certificate: Supervision of Construction Processes	4	181

"Developing Skills. Serving Society"

No.	Qual/LP ID (SAQA)	Qaulification Title (SAQA)	NQF Level	Credits
40.	65969	General Education and Training Certificate: Human Settlements Development	1	120
41.	65989	Further Education and Training Certificate: Human Settlements Development	4	121
42.	66071	Further Education and Training Certificate: Computer Aided Drawing Office Practice (CAD)	4	131
43.	66089	National Certificate: Human Settlements Development	5	130
44.	77063	National Certificate: Construction Health and Safety	3	133
45.	83391	National Certificate: Community Development	5	147
46.	65858 / 96402	National Certificate: Hot Water System Installation	2	122
47.	73313	National Certificate: Electrical Engineering	2	140
48.	72051	National Certificate: Electrical Engineering	3	133
49.	72052	Further Education and Training Certificate: Electrical Engineering	4	130
50.	58782	Further Education and Training Certificate: Plumbing	4	160
51.	23683	National Diploma: Management of Civil Engineering Construction Processes	5	271
52.	48636	National Diploma: Structural Steelwork Detailing	5	257
53.	63589	National Diploma: Geographical Information Science	5	240
54.	65879	Diploma: Construction Technology	6	240
55.	48733	National Diploma: Architectural Technology	6	240

3.2. Qualifications Development (status of migration from old to Occupational)

Post the Administration, the CETA re-applied with the QCTO to be approved to re-align these qualifications.

QCTO RE-APPROVED THE FOLLOWING DQP QUALIFICATIONS IN QUARTER 4, AS PER THE BELOW TABLE:

No.	Occupation	Qualification Title	Specialisations
01	Construction Project Manager	National Diploma: Management Civil Engineering Processes	Construction Site Manager Property Development Manager Construction Project Director Building and Construction Manager Construction Manager
02	Quantity Surveyor	Further Education and Training Certificate: Quantity Surveying	Building Economist, Electrical Specifications Writer Plumbing Estimator, Construction Economist
03	Fibrous Plasterer	National Certificate: Ceiling and Partitioning Installation	Fibrous Plasterer, Plasterboard Fixer/ Stopper Dry Wall Plasterer Exterior Plasterer Ceiling Fixer
04	Concreter	National Certificate: Construction Concreting	Grouting/ Short-cresting Assistant Concrete Worker
05	Metal Fabricator	National Certificate: Construction Steelwork	Brass Finisher Metal Fabricator-Welder Structural Steel Tradesperson Template Maker

Below are the DQP Projects approved by the QCTO and those currently in progress:

Occupation	OFO Code	Curriculum Code	Specialisation	Status
Builder's Worker	312301	312301-000-00-00	Road Construction/ Maintenance Labourer Tiler Hand Kitchen Assembler Carpenter's Assistant	Under development
Plasterer	642302	This is a trade qualification	N/A	The development of this qualification is concluded. The qualification has been submitted to NAMB for further evaluation as it is a Trade Qualification.
Programme Analyst	251202	251202-000-00-00	Education Systems Coordinator Computing Engineer Designer Architect Database Designer Cross-Enterprise Integrator Software Configuration / Licensing Specialist	Under development

Accreditation

The Accreditation Unit is responsible for:

- Accreditation of Skills Development Providers (SDPs)
- Accreditation of Moderators and Assessors
- Monitoring of SDPs

CETA Revenue Collection Statistics

Revenue	2020/21			2021/22		
Source	Estimate	Actual	Over/ (Under) Collection	Estimate	Actual	Over/ (Under) Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Levies	472 712	370 130	(102 582)	570 259	571 684	1 425
Interest on Investments	81 590	57 872	(23 718)	40 100	44 964	4 864
Fines Interest and Penalties	36 363	17 127	(19 236)	0	14 160	14 160
Other revenue	-	1 578	1 578	-	1 532	1 532
Total	590 665	446 707	(143 958)	610 359	632 340	21 981

CETA Revenue Collection Analysis

Operations for the year in review were still affected by the global Covid-19 pandemic which negatively impacted the economy of the entire country. CETA is still on the stage of recovery and has relatively improved in terms of collecting Revenue in the 2021/22 financial year as compared to the 2020/21. The improvement in collection is mainly due to the upliftment of the 4 months Skills Development Levy (SDL) holiday period which was granted by the minister in 2020 in order to alleviate the consequential financial burden on employers as a measure to assist the employers during the lockdown period.

As shown on the table below, there was an over collection from revenue sources in the 2021/22 financial year when compared to the approved budget. The reasons for this are as follows:

Levies

An increase in the variance of R 1,4 million in levy collection between estimate and actual is attributed to the Approved adjusted budget on levies being reduced from R 703millin to R570 million, in which CETA managed to collect more that the budgeted.

Interest on investments

An over collection against the budget of interest on investment of R4,8 million is due to a favourable bank balance and increased revenue on levies.

Fines, interest, and penalties

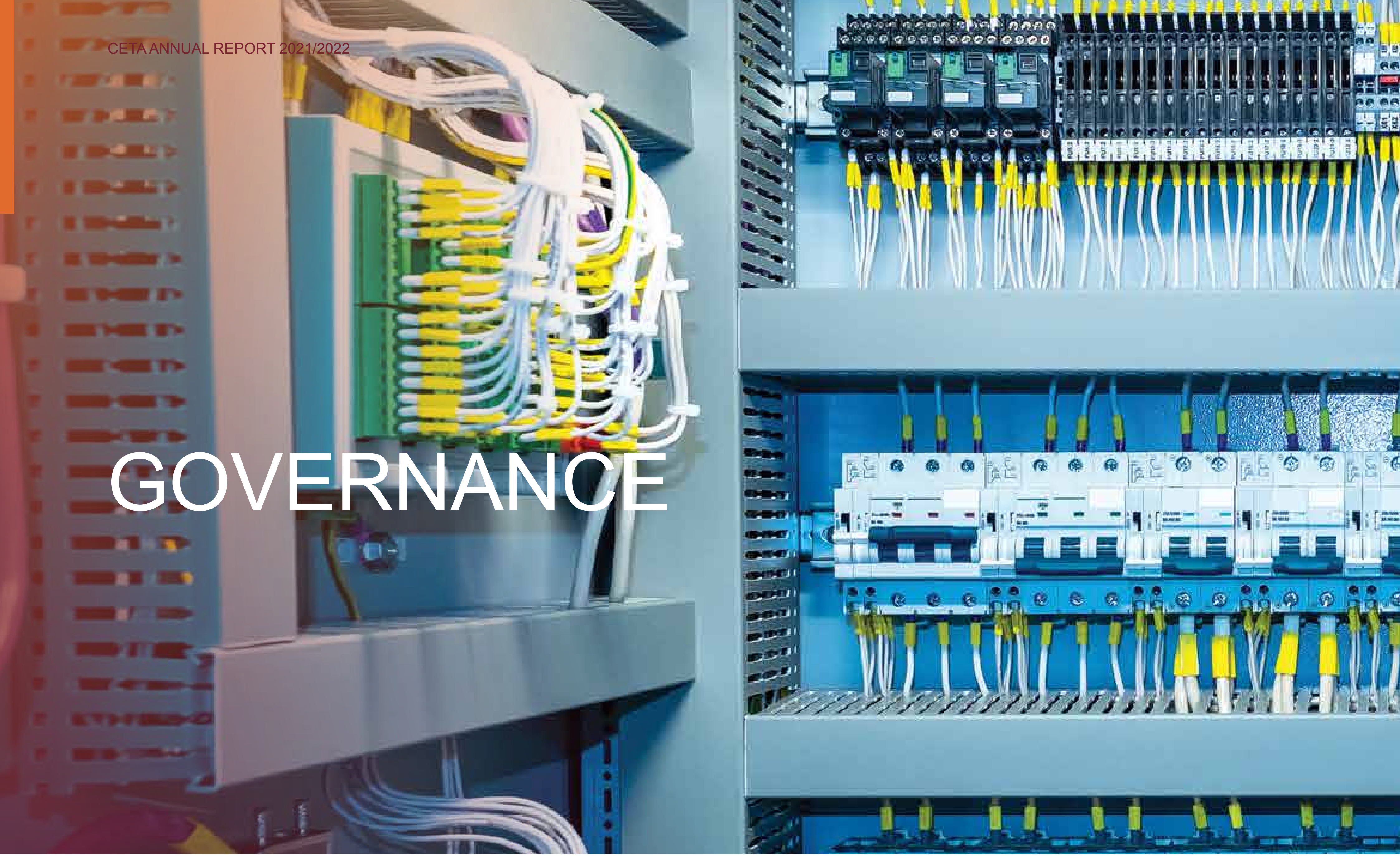
The over collection of R14,1 million is due to the amount not being budgeted for in the 2021/22 financial year. The entity them managed to collect the fines and penalties given the circumstances whereby most of the companies are still financially constrained.

Other income

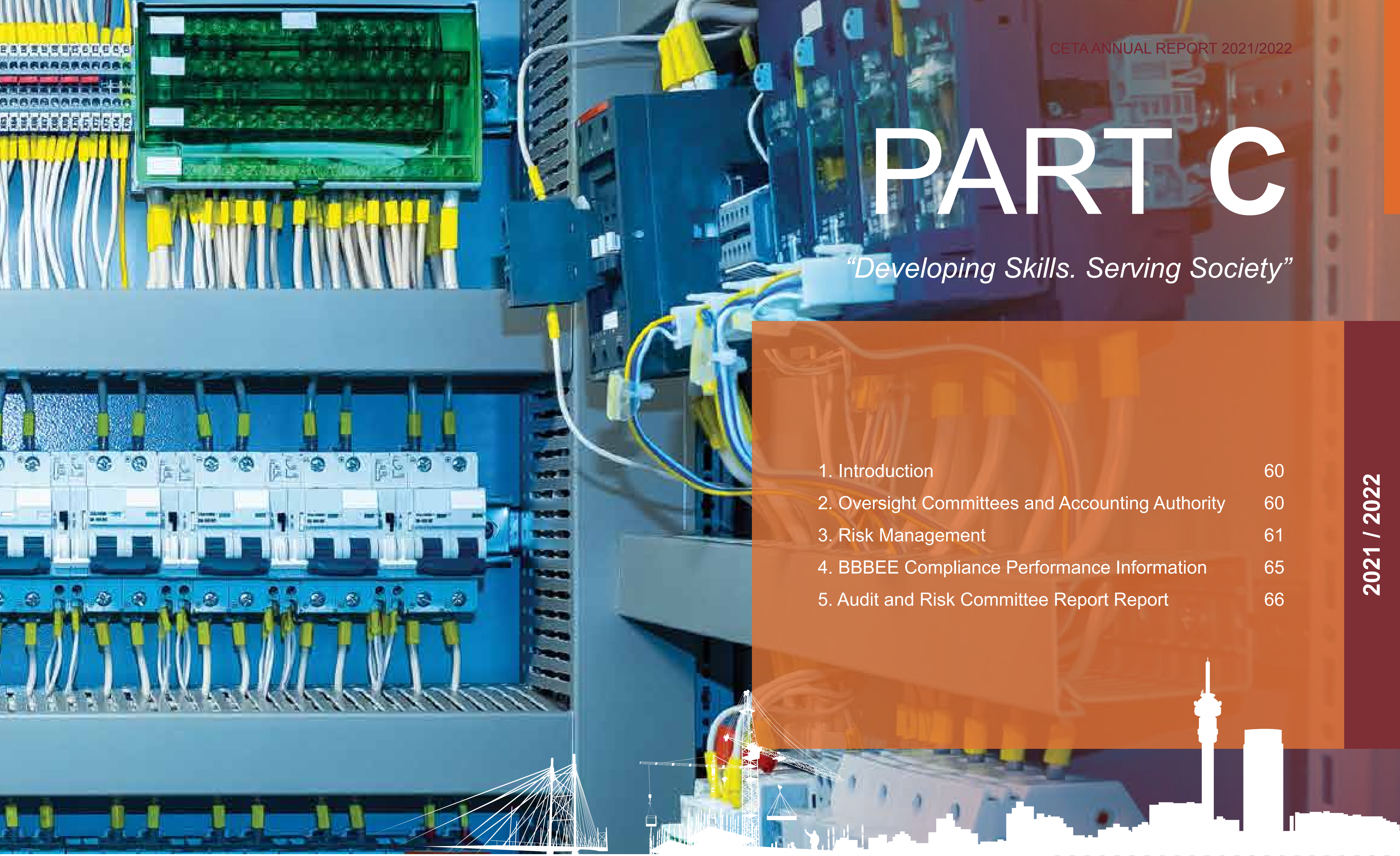
This includes in-kind contributions and refunds that had not been budgeted for.

CETA ANNUAL REPORT 2021/2022

"Developing Skills. Serving Society"



GOVERNANCE



PART C

"Developing Skills. Serving Society"

2021 / 2022

Governance

Introduction

The CETA is a schedule 3A public entity in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended and Treasury Regulations; and governed by the CETA Constitution.

Corporate governance embodies processes and systems by which CETA is directed, controlled, and held to account, and Parliament, the Executive, and the Accounting Authority of the CETA are responsible for its corporate governance.

Oversight Committees and Accounting Authority

The Portfolio Committee exercises oversight over the service delivery performance of the public entity and, as such, reviews the non-financial information contained in the annual reports of a public entity and is concerned with service delivery and enhancing economic growth.

The CETA had no physical engagement sessions with the Portfolio Committee during the 2021/22 financial year.

EXECUTIVE AUTHORITY

The Executive Authority of the CETA is the Minister of Higher Education, Science, and Innovation, who is responsible for appointing members of the Accounting Authority and approvals of the Sector Skills Plan (SSP), Strategic Plan (SP,) and Annual Performance Plan (APP) for the SETAs, as well as any warranted deviations from the approved budgets.

During the 2021/22 financial year, the CETA complied with timely submissions of the Sector Skills Plan, Strategic Plan, Annual Performance Plan, the Service Level Agreement, 2020/21 Annual Report, and Quarterly Reports to the relevant authorities. No non-compliance matters were raised by the authorities for the attention of the CETA.

CETA ANNUAL REPORT 2021/2022

The following additional reports were submitted by the CETA to the Executive Authority:

- Monthly governance and Administration progress report,
- Administrator's close-out report, as submitted on 28 February 2022, and
- Administration investigation reports, as submitted on 05 November 2021.

THE ACCOUNTING AUTHORITY

The CETA was placed under Administration as per Government Notice no. 656, as published in the Government Gazette no. 42991 of 3 February 2020. This appointment was extended for twelve

months from 3 February 2021 to 02 February 2022, as per Government Gazette No. 44129 of 01 February 2021.

The power of the Administrator included, amongst others, the assumption of the role and performance of all functions and duties of the Accounting Authority and CEO of the CETA as prescribed in the Skills Development Act, 1998 and the Public Finance Management Act, 1999 read with the relevant regulations.

After the lapsing of the Administration, in the absence of the Accounting Authority, the Honourable Minister of Higher Education, Science and Innovation has evoked section 49 of the PFMA after concurrence of the National Treasury; and appointed the current CETA CEO to discharge the responsibilities of Accounting Authority (Board) while finalising the process of CETA Board appointment.

Risk Management

The Accounting Authority is committed to ensuring the CETA has and maintains effective, efficient, and transparent systems of risk management and internal controls by the provisions of section 51(1)(a)(i) of the PFMA and section 27.2.1 of the Treasury Regulations (TRs).

The risk management policy and strategy were updated and aligned to the National Treasury Risk Management Guidelines, King IV Reporting on Corporate Governance, and other International Standards such as COSO Framework and ISO 31000 and outlines, amongst others, the risk management methodology and approach, the risk appetite and tolerance, risk management process and risk responsibilities.

The CETA has undertaken a thorough assessment of its strategic and operational risks by way of a consultative process with internal stakeholders and consideration of current industry risks as well as other major events in the country. Through this process, mitigation strategies were developed to strengthen the internal controls and the progress thereto reported quarterly to the Audit and Risk Committee, which provides independent oversight and monitors the effectiveness of the risk management systems.

During 2021/22, the CETA proceeded to ensure that to enhance the risk management function by conducting an organisational risk maturity assessment of the CETA's risk management processes. The risk maturity of the organisation is still at a development stage meaning that the implementation of the risk management process is at a fairly low level. Furthermore, the CETA has updated employee job profiles to include risk management performance indicators to ensure that the responsibilities and culture is embedded at all levels of the organisation.

The CETA shall ensure further improvement to the risk management function through:

- Integration of risk management processes to the organisational day to day functions,
- Enhancement of risk reporting and accountability,
- Appointment of risk champions,
- Provision of risk management training and awareness for all levels in the organisation, and
- Procurement of risk management tool to facilitate efficient monitoring of key risk indicators and advanced reporting.

A probity audit of all procurement awards made during the period 01 April to 30 September 2021 was instituted. The finalised report was shared with the ARC and Loss Control Committee meeting for final recommended actions on its findings and observations.

INTERNAL CONTROL

The internal controls unit is embedded within the Compliance and Risk function at the CETA. The CETA follows a risk-based approach in ensuring the effective identification, development, and monitoring of preventative and detective internal controls. Through a comprehensive risk assessment process, management identifies key risk exposures, and existing internal controls and further develops additional controls necessary to mitigate the risks identified.

The Internal Audit function assists the CETA with an independent evaluation of control effectiveness and provides recommendations for addressing deficiencies identified. The results from these processes are communicated and monitored by the Audit and Risk Committee on a regular and quarterly basis.

INTERNAL AUDIT

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the CETA. It assists CETA in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improve the effectiveness of the organisation's governance, risk management, and internal control.

In line with the approved Internal Audit Plan for 2021/22, the following internal audit work was undertaken during the year under review:

- Supply Chain Management review on,
- Review of Commitment Register review,
- Financial Discipline Review,
- Risk Management Review,
- Quarterly Audit of Performance Information,
- Follow up of prior Year Internal and External Audit Findings,
- Information Technology General Controls Review, and
- Review of draft Annual Financial Statements for 2021/22.

AUDIT AND RISK COMMITTEE

The CETA has appointed independent audit committee members with a primary purpose to assist the Accounting Authority in fulfilling the oversight responsibility required in terms of the PFMA, Treasury Regulations and Corporate Governance best practices by reviewing:

- The system of internal controls (financial, operational, compliance and risk management) that the CETA management has established.
- The CETA's auditing, accounting, and financial reporting processes generally; and
- The financial reports and other information provided by the CETA to the National Treasury and other government departments.

CETA ANNUAL REPORT 2021/2022

AUDIT AND RISK COMMITTEE MEMBER DETAILS

Name	Date appointed	Date Resigned	No. of Meetings
Mashukudu James Maboa	24/02/2020	N/A	4
Chickey Mofet-Mubu	24/02/2020	N/A	4
Daniel Madiba	24/02/2020	N/A	4
Nomsa Mosuwe	24/02/2020	N/A	2

COMPLIANCE WITH LAWS AND REGULATIONS

To ensure continued compliance with laws and regulations relating and applicable to CETA, the organisation has developed a compliance calendar to track and centralize important dates and deadlines associated with critical regulations and reporting obligations. The calendar is review and updated annually, and regularly monitored.

Compliance management is the responsibility of management and has been embedded on the organisations' day to day activities including policies, procedures, and performance agreements.

Developments in the compliance management system are evidenced by the reduction in irregular expenditure however further improvements are still necessary for the elimination of the organisations non-compliance with the Public Finance Management Act and National Treasury Regulations and Practice notes as per year under review external audit findings.

FRAUD AND ANTI-CORRUPTION

The Accounting Authority recognizes that fraud represents a significant potential risk to the CETA's assets, service delivery efficiency and reputation. The CETA will not tolerate fraudulent or corrupt activities,

whether internal or external to the Institution, and has committed to vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

The approved fraud prevention policy and plan refers to several anti-fraud programmes implemented by the organisation such as:

- Recruitment policy that includes pre-employment screening,
- Implementation of a code of conduct including declaration of interests, and
- The approved whistle-blowing policy that provides a platform for anonymous, investigation processes and protected reporting of suspected fraudulent activities.
- The CETA utilises the services of Vuvuzela Hotline as an anonymous fraud reporting platform to allow stakeholders to report any actual and/ or suspected fraud and corruptions activities. The hotline reports are sent directly the ARC Chairperson, none of the incident reports received for the year under reviews were fraud related.

The Administration had instituted several investigations as consequence of the mandate as gazetted. Some of these investigations have been concluded in the 2021/22 financial year and the implementation of findings from the reports expected to commence in the next financial year. Further, a probity audit on SCM procurement awards was instituted on all awards made between 01 April 2021 and 30 September 2021, with ones from 01 October 2021 to 31 March 2022 still under review.

MINIMISING CONFLICT OF INTEREST

The CETA has an approved conflict of interest policy that is aligned to the Public Service Regulations. The policy outlines applicability, responsibilities, and guidelines on managing interests that may conflict with those of the CETA. All CETA employees did complete the annual declarations for the year under review.

All CETA governance structure committee members and employees are required to declare conflict of interest on appointment and thereafter on annual basis. Furthermore, declaration of conflict of interest is a standing agenda item for the CETA governance structure committee and all bid committee meetings with the members required to complete a declaration of interests form to register their financial and other interests for every meeting.

In the event of disclosure of interest, action is taken to eliminate the conflict or otherwise safeguard the interest of CETA and any finding of conflict of interest will be subject to CETA disciplinary procedures.

CODE OF CONDUCT

The primary purpose of the CETA Code of Conduct aims to promote a culture of ethics, honesty and professionalism within the organisation and among its employees and stakeholders. New employees are inducted and provided with a copy of the policy to ensure proper understanding and compliance therefrom. The Code of Conduct was reviewed and updated as part of Governance policies and procedure review process undertaken during the year under review.

Any violation of any part of the Code of Conduct may be cause for appropriate disciplinary action in terms of the Disciplinary Policy and procedures.

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The OHS policy was approved and became effective from 01 November 2021. CETA continues to monitor and improve areas of OHS where weaknesses were identified, including strengthening security and health protocols in the workplace.

SOCIAL RESPONSIBILITY

The CETA Donations and Sponsorship policy was approved and became effective on 01 November 2021. The Corporate Social Initiatives Committee to be fully functional in the next financial year.

BBBEE Compliance Performance Information

During the 2021/22 financial year CETA has strived to achieve the key objectives of the broad-based black economic employment act of 2003 by among other things ensuring the following:

- 62% of the entities awarded discretionary grants are women-owned,
- 22 active projects that are based in rural areas of our country,
- Sharp focus on target group as stipulated in DG policy, and
- The CETA has started a process of appointing a verification agency to assist with compliance reports as required by section 12(2) of BBBEE Regulation.
- Review of DG Commitment register,
- Financial Discipline review,
- Risk Management review,
- Quarterly Audit Performance Information (Q1-Q2),
- Follow up of prior year internal and external audit findings,
- Information Technology General Controls review,
- Review of Annual Performance report, and
- Review of Annual Financial Statements before submission to AGSA.

The following were areas of concern:

- Progress of Internal Audit work against the approved Internal Audit Plan.
- Lack of timeous submission of the requested information for audit purposes by the entity.

The Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2022.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee (ARC) reports that it has complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1. The ARC also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was undertaken during the year under review:

- Supply Chain Management,

IN-YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORTING

The public entity has submitted monthly and quarterly reports to the Executive Authority.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The following review were performed by ARC during the financial year under review:

- review and discussion of the audited annual financial statements to be included in the annual report, with the Auditor-General's report,
- review of the Auditor-General's management report and management's response thereto,
- review of any changes in accounting policies and practices,
- review of the entity's compliance with legal and regulatory provisions,
- review of the information on predetermined objectives to be included in the annual report,
- review of any significant adjustments resulting from the audit by the AGSA, and
- the quality and timeliness of the financial information availed to the Audit and Risk Committee for oversight purposes during the year ,such as interim financial statements.

INTERNAL AUDIT FUNCTION

Although the internal audit plan was approved late and some reports presented late to the ARC, the ARC is satisfied that the required level of assurance was provided by the internal audit function and that it as endeavoured to address the risks pertinent to the organisation.

AUDITOR-GENERAL'S REPORT

The ARC has met with the Auditor General of South Africa to discuss their audit report, to ensure that there are no unresolved issues. There were still various unresolved matters regarding the audit at the date and time of this ARC's report.

We have also reviewed the management responses to the audit issues raised in the AGSA management report and final audit report. and continuous oversight will be exercised to ensure that unresolved findings are adequately addressed.

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Absence of an established ICT steering committee,
- Absence of a patch management software,
- Absence of offsite backup facility,
- Irregular expenditure- Project administration cost expenditure exceeds the 7.5% limit, and
- Irregular expenditure – Non-compliance with the SCM legislation, to which probity audit was instituted by management.

The Audit and Risk Committee does not accept nor concur with the conclusions of the external auditor on qualification audit opinion issued on the CETA annual financial statements regarding the DG Commitments

disclosures notes. The AGSA's audit report paragraph 3 indicates that they "were unable to obtain evidence on DG commitments disclosure balance of R2,1 billion".

We have interrogated the matter and established the following:

- Based on information and explanations given by management, including engagement meetings requested by management with the AGSA; CETA had submitted reliable and legally binding documentation to AGSA and the AGSA team confirmed such. These documents are consistent with the prior years' where no such conclusion was reached with same evidence,
- The ARC is of the opinion that the accounting records and internal controls around the DG commitment register were adequate to ensure that the financial records of the same process can be relied upon for preparing AFS necessary disclosures,
- It is against this background that the ARC is of the opinion that AG's decision to issue the CETA a qualified audit opinion is inappropriate. According to ISA 705, the auditor shall modify the audit opinion when,
- Paragraph 7. *"the auditor shall express a qualified opinion when: (a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive,*
- Paragraph 11 states that *"if, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the scope of the audit that the auditor considers likely to result in the need to express; whereas paragraph 12 states "if management refuses to remove the limitation referred to in paragraph 11 of this ISA, the auditor shall communicate the matter to those charged with governance, unless all of those charged with governance are involved in managing the entity, and determine whether it is possible to perform alternative procedures to obtain sufficient appropriate audit evidence",*
- The AGSA refused to audit despite the Accounting Authority having made attempts to ensure audit is not rushed, including concurrence from National Treasury that reports be submitted by 15 August 2022 after the audit is properly concluded, and
- Our view is further strengthened by our technical observation with management and the AG in various engagements, including our last ARC meeting.

We therefore disagree with the opinion of the Auditor-General in this regard. Management has referred the above mentioned to the Accountant General as per the agreed terms of engagement between the AGSA and CETA, as detailed in the audit Engagement letter. As of the date of this report, no feedback has been received from the Accountant General.

The ARC is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor, noting our unresolved differences mentioned above.

MASHUKUDU JAMES MABOA
Chairperson of the Audit and Risk Committee

HUMAN RESOURCES MANAGEMENT

PART D

"Developing Skills. Serving Society"

2021 / 2022

Human Resource Management Report

The CETA Human Resources Department (HR) provides overall direction on Human Resource Management issues and administrative support functions related to the management of employees for the CETA. The Department endeavours to be a strategic business partner to the CETA by providing Human Resources programs that attract, develop, retain, and engage a skilled and diverse workforce, thereby positioning the CETA as an employer of choice.

For the CETA to achieve its mandate, it is imperative that all systems that tend to employees, learners, stakeholders and, clients are well-oiled, effective, and efficient to ensure maximum productivity and heightened customer satisfaction.

In the year under review, the CETA Accounting Authority took a firm decision of conducting a comprehensive Organisational Development (OD) exercised, to overhaul the workings and operations of the CETA. The objective was to ensure that the entity is fit for purpose, its employees appropriately skilled and qualified to perform their duties, and above all, accountable, effective, and efficient.

A diagnostic exercise was conducted to design appropriate interventions. The diagnosis highlighted the following challenges that needed to be addressed through several OD interventions. These challenges included organisational structure, job profiles, and grading, skills development, management and leadership, performance management, talent management, and HR policies and procedures. We are happy to report that all the challenges were addressed and a new organisational structure that aligns with the CETA Strategic Plan and Annual Performance Plan was implemented.

CETA ANNUAL REPORT 2021/2022

Human Resource Oversight Statistics

PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

Programme / activity / objective	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
	(R'000)	(R'000)	(R'000)		(R'000)
Employee Cost	R 847 296	R 115 541	13.64%	111	R1 041

The variance between the amount of R127,9 million (per note 8 and 12.2 amounting to R 61,7 million and R 66,2 million respectively) and R115, 1 million is due to other employee related costs.

Personnel cost by salary band

Level	Personnel Expenditure	No. of employees	Average personnel cost per employee
	(R'000)		(R'000)
Top Management	R4012	*5	R 802
Senior Management	R 366	1	R 366
Professional qualified	R 38 450	*26	R1479
Skilled	R 45 588	*41	R1112
Semi-skilled	R 23 415	31	R 755
Unskilled	R3709	7	R 530
TOTAL	**R 115 541**	***111**	**R1041**

5 employees were terminated resulting in a total of 106 employees at the end of the year.

Performance Rewards

The performance management system was suspended and no performance rewards were paid.

Employment and vacancies

Programme /activity / objective	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% vacancies
Top Management	5	3	2	40
Senior Management	12	1	11	92
Professional qualified	33	25	8	24
Skilled	58	40	18	31
Semi-skilled	54	31	23	43
Unskilled	19	6	13	68
TOTAL	181	106	75	50

INCLUSIVE OF FROZEN VACANCIES

The CETA organogram was revised, and the number of posts increased exponentially however only priority positions were attend

Employment changes

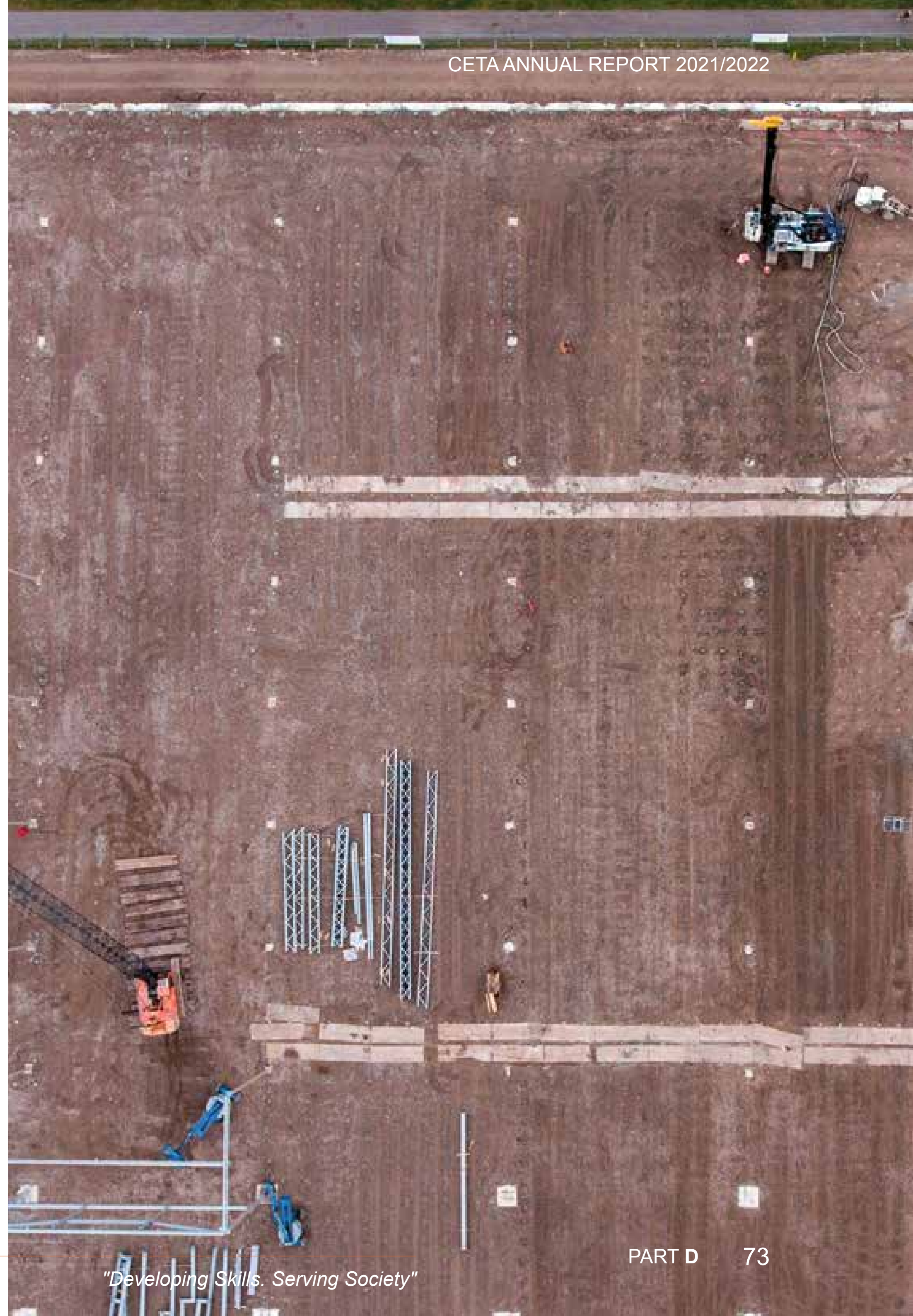
Salary Band	Appointments	Terminations	Employment at end of the period
Top Management	4	1	4
Senior Management	1	0	1
Professional qualified	0	3	23
Skilled	0	0	42
Semi-skilled	0	0	30
Unskilled	0	1	6
TOTAL	5	5	106

Reasons for staff leaving

Reason	Number
Death	1
Resignation	1
Dismissal	3
Reason	Number
Retirement	0
Ill health	0
Expiry of contract	0
Other	0
TOTAL	5

Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	3



Equity Target and Employment Equity Status

The CETA will be reformulating its targets based on the outcome of the HR Consultancy exercise and will be submitting a revised employment equity plan in October 2022.

LEVELS	MALE								
	AFRICAN		COLOUREDS		INDIAN		WHITE		TOTAL
	Current	Target	Current	Target	Current	Target	Current	Target	
Top Management	3	0	0	0	0	0	0	0	3
Senior Management	0	0	0	0	0	0	0	0	0
Professional qualified	8	0	0	0	0	0	0	0	8
Skilled	19	0	1	0	0	0	0	0	20
Semi-skilled	5	0	1	0	0	0	0	0	6
Unskilled	2	0	0	0	0	0	0	0	2
TOTAL	**37**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**39**

LEVELS	FEMALE								
	AFRICAN		COLOUREDS		INDIAN		WHITE		TOTAL
	Current	Target	Current	Target	Current	Target	Current	Target	
Top Management 1	0	0	0	0	0	0	0	1	
Senior Management	1	2	0	0	0	0	0	0	2
Professional qualified	12	1	1	0	1	0	0	0	14
Skilled	18	0	1	0	1	0	1	0	21
Semi-skilled	24	0	1	0	0	0	0	0	23
Unskilled	5	0	0	0	0	0	0	0	5
TOTAL	**61**	**3**	**3**	**0**	**2**	**0**	**1**	**0**	**67**
GRAND TOTAL									**106**

CETA ANNUAL REPORT 2021/2022

DISABLED STAFF	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	1	1	2	2
Unskilled	0	0	0	0
TOTAL	**1**	**1**	**2**	**2**

FINANCIAL INFORMATION

PART E

“Developing Skills. Serving Society”

2021 / 2022

Report of the Auditor-General to Parliament on the Construction Education and Training Authority

Report on the audit of the financial statements

QUALIFIED OPINION

1. I have audited the financial statements of the Construction Education and Training Authority set out on pages 87 to 142 which comprise the statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Construction Education and Training Authority as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

BASIS FOR QUALIFIED OPINION

Commitments

3. I was unable to obtain sufficient appropriate audit evidence that commitments for the current year had been properly accounted for, due to the status of the accounting records. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to commitments, stated at R2,1 billion in note 23 to the financial statements.

CONTEXT FOR THE OPINION

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
5. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

EMPHASIS OF MATTER

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

RESTATEMENT OF CORRESPONDING FIGURES

8. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2022.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and the SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 3 – learning programmes and projects	35 – 47

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 3 – learning programmes and projects

VARIOUS INDICATORS

18. The achievements below were reported in the annual performance report for the listed indicators. However, some supporting evidence provided materially differed from the reported achievements, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to a lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to

determine whether any further adjustments were required to these reported achievements.

Indicator description	Reported achievement
Number of unemployed learners per year completing learnerships - Funded	1 672
Number of unemployed learners per year completing learnerships - Unfunded	566
Number of employed learners per year completing learnerships - Unfunded	96
Number of unemployed learners per year completing artisan programmes - Funded	2 782
Number of University Student Placement entered per year - Funded	65
Number of TVET Student Placement completed per year - Funded	34

19. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined method of collection to be used when measuring the actual achievement for the indicators listed below. This was due to insufficient measurement definitions or processes. I was unable to test whether the indicator was well defined by alternative means.

Indicator description	Reported achievement
Percentage of discretionary grant budget allocated at developing high level skills	19%
Percentage of discretionary grant budget allocated at developing intermediate level skills	61%
Percentage of discretionary grant budget allocated at developing elementary level skills	16%

OTHER MATTERS

20. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

21. Refer to the annual performance report on pages 25 to 58 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 18 to 19 of this report.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3- learning programmes and projects. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

INTRODUCTION AND SCOPE

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.
26. Material misstatements of expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

EXPENDITURE MANAGEMENT

27. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R76 million as disclosed in note 25 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by procurement irregularities and overspending on the 7,5% threshold of the total discretionary grants expenditure relating to administration expenditure.

PROCUREMENT AND CONTRACT MANAGEMENT

28. Some goods and services with a transaction value above R1 000 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1 and paragraph 3.3.1 of Instruction Note 02 of 2021-22.
29. Some invitations for competitive bidding were not advertised for the required minimum period, as required by treasury regulation 16A6.3(c).
30. Some contracts were awarded to bidders based on pre-qualification criteria that differed from those stipulated in the original invitation for bidding, in contravention of preferential procurement regulation 4(1) and 4(2) of 2017.
31. Some commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content in accordance with paragraph 3.4 of National Treasury Instruction Note 4 of 2015/2016.
32. Some bid documentation or invitations to tender for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by preferential procurement regulation 8(2) of 2017.

OTHER INFORMATION

33. The accounting authority is responsible for the other information. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.
36. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

37. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
38. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.
39. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
40. Management did not review and monitor compliance with applicable laws and regulations.
41. Leadership did not implement adequate oversight over financial and performance information, compliance with legislation and related internal controls, as misstatements were identified on the financial statement and the annual performance report

MATERIAL IRREGULARITIES

42. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

MATERIAL IRREGULARITIES IN PROGRESS

43. I identified a material irregularity during the audit and notified the accounting authority of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting authority. This material irregularity will be included in the next year's auditor's report.

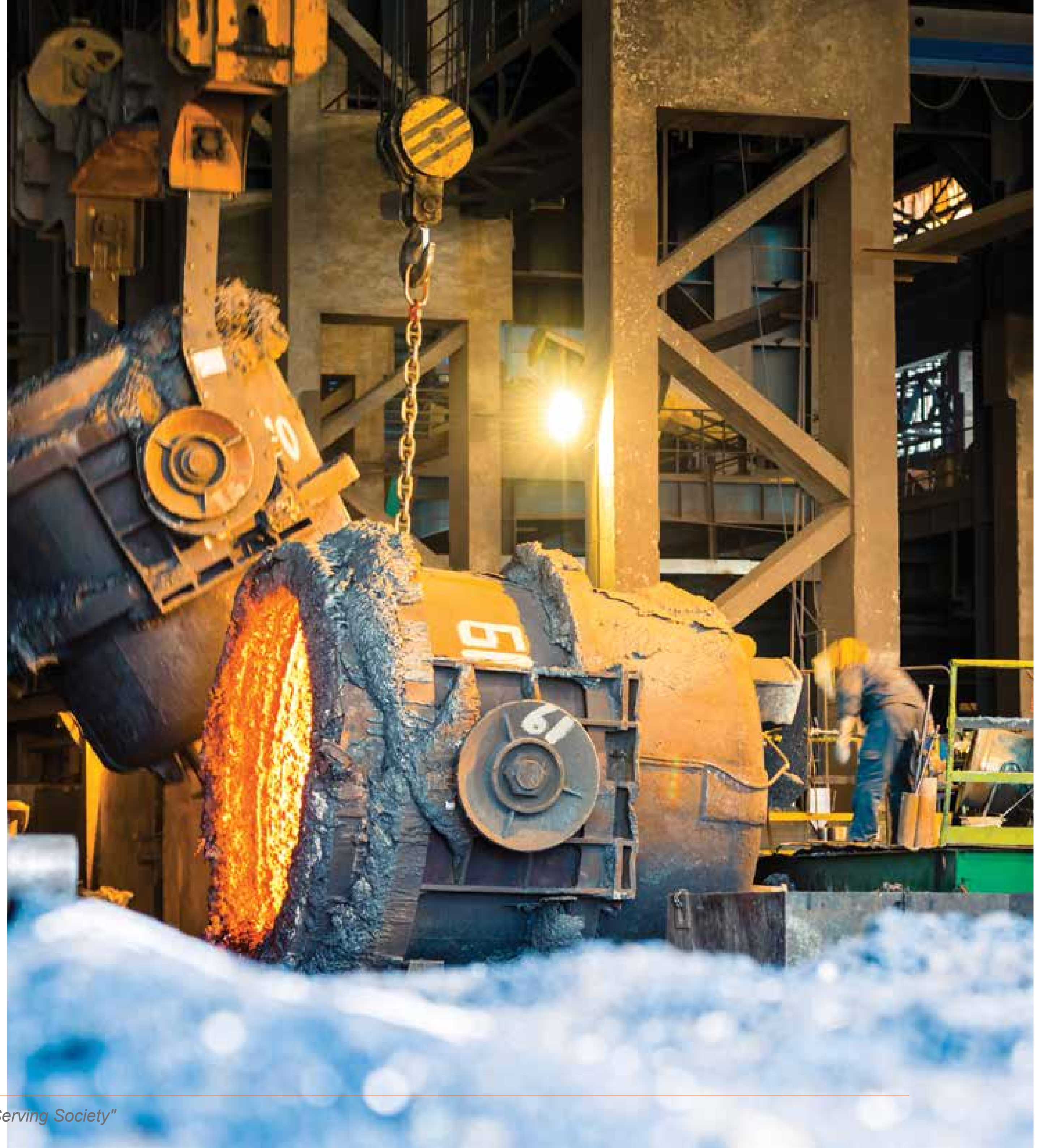
Auditor - General

Pretoria

4 August 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure – Auditor-General's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

Financial statements

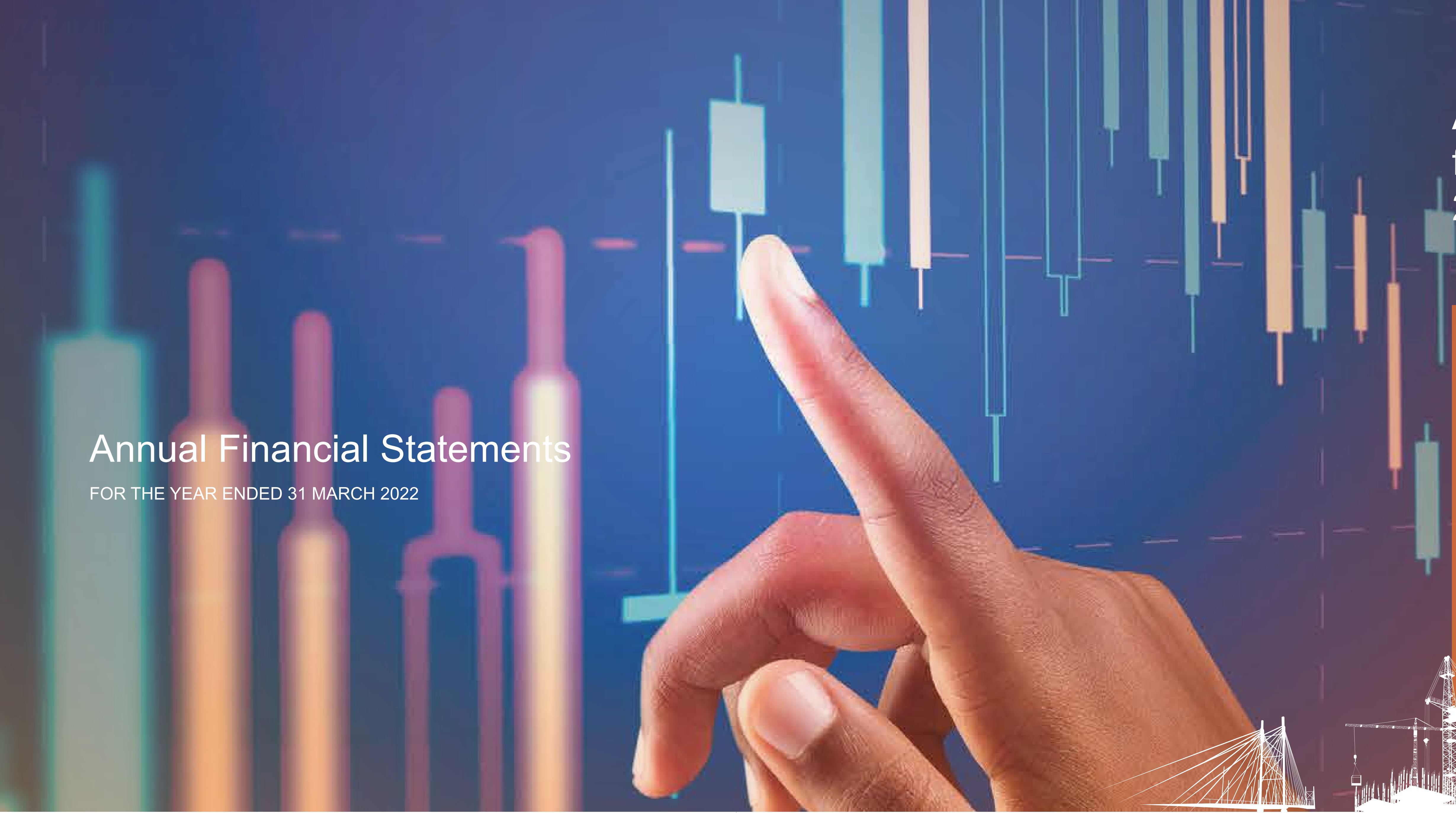
2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
   - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
   - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Tshenolo Lefutswe

Acting Chief Finance Officer



Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2022

CETA ANNUAL REPORT 2021/2022

Annual Financial Statements for the year ended 31 March 2022

The reports and statements set out below comprise the annual financial statements presented to the Parliament:

2021 / 2022

"Developing Skills. Serving Society"

Accounting Authority's Responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor General is engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Accounting Authority acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the CETA sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the CETA and all employees are required to maintain the highest ethical standards in ensuring the CETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the CETA is on identifying, assessing, managing and monitoring all known forms of risk across the CETA. While operating risk cannot be fully eliminated, the CETA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority has reviewed the CETA's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Auditors General are responsible for independently reviewing and reporting on the CETA's annual financial statements. The annual financial statements have been examined by the CETA's external auditors and their report is presented on page 78.

The annual financial statements set out on page 87 to 142, which have been prepared on the going concern basis, were approved by the Accounting Authority on 10 August 2022 and were signed on its behalf by:

MR MALUSI SHEZI
As delegated by the Accounting Authority

Statement of Financial Position as at 31 March 2022

		2022	2021
			Restated*
	Note(s)	R'000	R000
Assets			
Current Assets			
Consumables	16	2 021	5 730
Receivables from exchange transactions	14	2 709	2 634
Receivables from non-exchange transactions	15	16 715	15 275
Cash and cash equivalents	13	1 116 104	1 364 321
		1 137 549	**1 387 960**
Non-Current Assets			
Property, plant and equipment	17	8 315	9 101
Intangible assets	18	11 418	12 487
		19 733	**21 588**
TOTAL ASSETS		**1 157 282**	**1 409 548**
Liabilities			
Current Liabilities			
Payables from exchange transactions	19	20 274	22 753
Payables from non-exchange transactions	20	122 864	156 312
Provisions	21	12 940	14 960
		156 078	**194 025**
TOTAL LIABILITIES		**156 078**	**194 025**
Net Assets		**1 001 204**	**1 215 523**
Administration grant reserve		19 733	21 588
Employer grant reserve		941	1 199
Discretional grant reserve		980 530	1 192 736
TOTAL NET ASSETS		**1 001 204**	**1 215 523**

Statement of Financial Performance

FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
			Restated*
	Note(s)	R'000	R000
Revenue			
Revenue from exchange transactions			
Other income	6	94	225
Interest received	7	44 964	57 872
TOTAL REVENUE FROM EXCHANGE TRANSACTIONS		**45 058**	**58 097**
Revenue from non-exchange transactions			
Transfer revenue			
Levies	4	571 684	370 130
Fines, penalties and forfeits	5	14 160	17 127
In-Kind contributions - facilities	24	1 438	1 353
Total revenue from non-exchange transactions		**587 282**	**388 610**
TOTAL REVENUE		**632 340**	**446 707**
Expenditure			
Employee related costs	8	(61 708)	(61 212)
Depreciation and amortisation	9	(5 073)	(4 933)
Discretionary grant expenses	12	(618 558)	(662 461)
Employer grant expenses	12	(71 897)	(41 921)
Administration expenses	10	(90 060)	(56 028)
TOTAL EXPENDITURE		**(847 296)**	**(826 555)**
Deficit for the year		**(214 956)**	**(379 849)**

"Developing Skills. Serving Society"

CETA ANNUAL REPORT 2021/2022
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 MARCH 2022

	Administration Reserves	Employer Grant Reserves	Discretionary grant Reserve	Total Net Reserves
	R'000	R'000	R'000	R'000
Opening balance as previously reported	13 642	1 476	1 580 243	1 595 361
Balance at 01 April 2020	**13 642**	**1 476**	**1 580 243**	**1 595 361**
Changes in net assets				
Net Deficit for the period	(69 631)	49 446	(359 663)	(379 848)
Transfer Reserves	77 577	(49 723)	(27 844)	-
Total changes	**7 946**	**(277)**	**(387 507)**	
Restated Balance at 01 April 2021	**21 588**	**1 199**	**1 192 736**	**1 215 523**
Changes in net assets				
Net Deficit for the year	(77 718)	69 642	(206 880)	(214 956)
Transfer Reserves	75 863	(69 900)	(5 326)	637
Total changes	(1 855)	(258)	(212 206)	(214 319)
BALANCE AT 31 MARCH 2022	**19 733**	**941**	**980 530**	**1 001 204**

"Developing Skills. Serving Society"

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
			Restated*
	Note(s)	R'000	R000
Cash flows from operating activities			
Receipts			
Grants		583 824	381 050
Interest income		44 964	57 872
		628 788	438 922
Payments			
Employee costs		(127 876)	(133 577)
Suppliers		(745 669)	(615 702)
		(873 545)	(749 279)
Net cash flows from operating activities	*22*	**(244 757)**	**(310 358)**
Cash flows from investing activities			
Purchase of property, plant and equipment	*17*	(3 460)	(793)
Proceeds from sale of property, plant and equipment	*17*	-	2
Purchase of other intangible assets	*18*	-	(12 087)
Net cash flows from investing activities		**(3 460)**	**(12 878)**
Net increase/(decrease) in cash and cash equivalents		**(248 217)**	**(323 236)**
Cash and cash equivalents at the beginning of the year		1 364 321	1 687 556
Cash and cash equivalents at the end of the year	*13*	**1 116 104**	**1 364 320**

CETA ANNUAL REPORT 2021/2022
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Statement of Comparison of Budget and Actual Amounts

FOR THE YEAR ENDED 31 MARCH 2022

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	**-**	94	**94**	32.1
Interest received - CPD	79 056	(38 956)	**40 100**	44 964	**4 864**	32.2
TOTAL REVENUE FROM EXCHANGE TRANSACTIONS	**79 056**	**(38 956)**	**40 100**	**45 058**	**4 958**	
Revenue from non-exchange transactions						
Transfer revenue						
Levies	703 130	(132 871)	**570 259**	571 684	**1 425**	
Fines, Penalties and Forfeits	-	-	**-**	14 160	**14 160**	
In-Kind Contributions- Facilities	-	-	**-**	1 438	**1 438**	32.3
Release from Reserves	-	344 500	**344 500**	-	**(344 500)**	
Total revenue from non-exchange transactions	**703 130**	**211 629**	**914 759**	**587 282**	**(327 477)**	
TOTAL REVENUE	**782 186**	**172 673**	**954 859**	**632 340**	**(322 519)**	
Expenditure						
Administration Expenses	(89 214)	(55 338)	**(144 552)**	(156 841)	**(12 289)**	
Operating surplus	**692 972**	**117 335**	**810 307**	**475 499**	**(334 808)**	
Discretionary grant expenses	(526 379)	(210 369)	**(736 748)**	(618 558)	**118 190**	32.4
Employer grant expenses	(166 593)	93 034	**(73 559)**	(71 897)	**1 662**	
	(692 972)	**(117 335)**	**(810 307)**	**(690 455)**	**119 852**	
Deficit for the period	-	-	-	(214 956)	(214 956)	
ACTUAL AMOUNT ON COMPARABLE - BASIS AS PRESENTED IN THE BUDGET AND ACTUAL COMPARATIVE STATEMENT		**-**	**-**	**(214 956)**	**(214 956)**	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the CETA will continue to operate as going concern for at least the next 12 months.

1.3. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.4. SKILLS DEVELOPMENT LEVY: INCOME

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act, Act No 97 of 1998, as amended and the Skills Development Levies Act, Act No 9 of 1999, as amended.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) as amended, registered member companies of the CETA pay a skills development levy of 1% of their total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education (DHET). Companies with an annual payroll cost below R500 000 are exempted in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005.

80% of Skills Development Levies are paid to CETA from SARS through DHET (net of the 20% contribution to the National Skills Fund (NSF)). Revenue is adjusted for transfers of employers between SETAs. Such adjustments are separately disclosed as inter-seta transfers. The amount of the inter-seta adjustment is calculated according to the most recent Standard Operating Procedure issued by DHET.

Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to CETA and these benefits can be measured reliably. This occurs when DHET makes an allocation to CETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

When a new employer transfers to CETA, levies received from the former SETA are recognised as revenue and allocated to the respective category to maintain original identity.

1.5. SKILLS DEVELOPMENT LEVY: PENALTIES AND INTEREST

Interest and penalties are levied by SARS in terms of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) as amended. Penalties and interest are recognised as revenue when they become receivable, and an allocation has been made by the South African Revenue Services.

1.6. EMPLOYER GRANTS AND DISCRETIONARY GRANTS

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998, as amended and the SETA Grant Regulations

Accounting Policies

regarding monies received and related matters (the SETA Grant Regulations).

Employer grants (Mandatory grants)

Grants are equivalent to 20% of the total levies contributed by employers during the corresponding financial period.

Discretionary grants and project expenses

CETA may, out of any surplus monies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers, and other associations or organisations when the conditions have been met. The criteria for allocating funds are approved by the CETA Board. Where necessary, interested employers, associations or organisations may be required to complete and submit a funding application for consideration and approval by the SETA.

Project expenses comprise; costs that relate directly to the specific contract; costs that are attributable to contract activity in general and can be allocated to the project; and other costs as are specifically chargeable to CETA under the terms of the contract. Costs are allocated using methods that are systematic and rationale and are applied consistently to all costs of a similar nature.

Discretionary grants and project expenses are recognised in the period in which they are incurred.

1.7. REVENUE ADJUSTMENTS BY SARS

CETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected this may result in grants that have been paid to affected employers being in excess of the amount CETA would have granted to those employers had all information been available at the time of paying those grants. A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant over payment, net of bad debts and allowance for irrecoverable amounts.

1.8. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the CETA has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met, a liability is recognised.

1.9. FUNDS ALLOCATED BY THE NATIONAL SKILLS FUND FOR SPECIAL PROJECTS

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the CETA as a liability until the related eligible special project expenses are incurred. The liability is reduced by any project expenditure incurred and recognised as revenue. Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the CETA, as the CETA controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

1.10. INTER-SETA TRANSFERS

Revenue is adjusted for transfers of employers between SETAs that arise due to incorrect allocation to a SETA on registration for skills development levy or changes to their business that result in a need to change SETAs. Such adjustments are disclosed separately as inter-SETA transfers. The amount of the inter-SETA transfers is calculated according to the most recent Standard Operating Procedure as issued by the Department of Higher Education and Training.

1.11. DISCRETIONARY GRANT

The funding for discretionary grants and projects stems from the 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the CETA.

CETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut - off period. The grant payable and the related expenditure are recognised when the application has been approved, implementation has taken place and the conditions have been met, creating an obligation to pay. Up to a

Accounting Policies

maximum of 7.5% of the allocated discretionary grant amount shall be budgeted to administer the project by the employer or training provider.

Discretionary grant support costs

The 7.5% limit shall be applicable to the following:

- Consulting to support CETA strategic goals,
- Expenditure incurred as a result of support to conceptualisation, implementation and conclusion,
- Launches,
- Legal costs relating to DG projects ,
- Salaries of core business staff, and
- Travel and accommodation.

1.12. INTEREST INCOME

Interest income is recognised in surplus or deficit using the effective interest rate method. Interest is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.13. ALLOWANCE FOR IMPAIRMENT OF RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Receivables from exchange and non-exchange transactions are assessed for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgements are made as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the receivables. The impairment is measured as the difference between the receivables carrying amount and the present value of the estimated future cash flows.

1.14. PROJECT EXPENDITURE

Project expenditure comprise:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the project; and
- Such other costs as are specifically chargeable to CETA under the terms of the contract

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics. Project costs are recognised as expenses in the period the invoice is received and approved.

Receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

At the end of the financial period any unspent or uncommitted funds must be transferred to the National Skills Fund Authority with an allowance of 5% of the uncommitted funds that will be carried over to the next financial year, except where a request to carry forward the uncommitted funds has been lodged as per the Grant Regulations requirements. The unspent funds are determined by taking the surplus as stated in the Statement of Financial Performance for the financial period under review less the commitments for training of learners in programmes funded from discretionary funds.

Mandatory grants

The grants payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the prescribed cut off period as the payment then becomes probable. The grant is equivalent of 20% of the total levies paid by the employer during the corresponding financial period for the skills implementation grant respectively.

Administrative expenditure

The funding for administrative expenditure is derived from 10.5% of the total levies paid by the employers. Administration expenses consist of the operational expenditure incurred by the CETA in delivering its mandate.

1.15. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the

Accounting Policies

information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of CETA, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.16. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of CETA's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if the revision affects both current and future periods.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the Provisions note.

Useful lives of property, plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.17. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and

Accounting Policies

which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant & machinery	Straight-line	2-22 years
Furniture & fixtures	Straight-line	3-24 years
Motor vehicles	Straight-line	4-10 years
Office equipment	Straight-line	3-23 years
IT equipment	Straight-line	2-20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end, and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

1.18. INTANGIBLE ASSETS

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

The entity assesses the probability of expected future economic benefits or service potential using

Accounting Policies

reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	3-14 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.19. USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSET

CETA reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period. Refer to notes 17 and 18 for the carrying values of property, plant and equipment and intangible assets.

1.20. STATUTORY RECEIVABLES

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.21. TAXATION

No provision has been made for taxation, as CETA is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

Accounting Policies

VAT Added Taxation (VAT)

The Revenue Laws Amendment Act, (Act No.45 of 2003) commenced on 22 December 2003. Previously the definition of enterprise placed Sectorial Education and Training Authorities (SETA) in Schedule 3A within the scope of VAT. The Amendment Act, however has amended this definition of enterprise and effectively places the public entity outside the scope of VAT; effective 1 April 2005.

1.22. CONSUMABLES

Consumables are initially measured at cost except where consumables are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently consumables are measured at the lower of cost and net realisable value.

Consumables are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of consumables comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the consumables to their present location and condition.

The cost of consumables of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of consumables is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all consumables having a similar nature and use to the entity.

1.23. EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post- employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to

Accounting Policies

other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.24. EMPLOYER GRANT AND DISCRETIONARY GRANT

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998, as amended and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

1.25. EMPLOYER GRANTS (MANDATORY GRANTS)

Grants are equivalent to 20% of the total levies contributed by employers during the corresponding financial period.

Discretionary grants and project expenses

CETA may, out of any surplus monies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers, and other associations or organisations when the conditions have been met. The criteria for allocating funds are approved by the CETA Board. Where necessary, interested employers, associations or organisations may be required to complete and submit a funding application for consideration and approval by the SETA.

Discretionary grants and project expenses are recognised in the period in which they are incurred.

1.26. DISCRETIONARY GRANT

The funding for discretionary grants and projects stems from the 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the CETA.

Accounting Policies

CETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut - off period. The grant payable and the related expenditure are recognised when the application has been approved, implementation has taken place and the conditions have been met, creating an obligation to pay. Up to a maximum of 7.5% of the allocated discretionary grant amount shall be budgeted to administer the project by the employer or training provider.

1.27. PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/ operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Accounting Policies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1.28. COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Unrecognised contractual commitments are disclosed in the notes to the annual financial statements as per SETA DG Regulations.

Commitments mean that contractual obligation exist at the end of the financial year that will oblige CETA to make a payment or payment is the ensuing year. A contractual obligation mean there is an agreement (written) with specific terms between CETA and a third party whereby the third party undertakes to perform something in relation to a discretionary grant.

1.29. REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to CETA and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The asset and the corresponding revenue are measured at fair value on initial recognition.

The following are included in the revenue from exchange transactions:

- Other income, and
- Interest income.

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, because of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Accounting Policies

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Non-exchange revenue transactions result in resources being received by CETA, usually in accordance with a binding arrangement. When CETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that CETA will receive economic benefits or service potential and a reliable estimate of resources transferred can be made. Where the resources transferred to CETA are subject to the fulfilment of specific conditions, an asset and a corresponding liability are recognised. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised. The asset and the corresponding revenue are measured at fair value on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education, Science and Innovation.

The following are included in the revenue from non - exchange transactions:

- Levies,
- Fines, penalties and forfeits, and
- In kind contributions – facilities.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.30. INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

1.31. TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Accounting Policies

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.32. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.33. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

a. the PFMA as amended;
b. the Skills Development Act (the Act), 1998 (Act No. 97 of 1998) as amended.

Irregular expenditure is recognised in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense. Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements is recorded in the irregular expenditure register and disclosed in the notes to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is awaited at year end is recorded in the irregular expenditure register and disclosed as irregular expenditure awaiting condonement in the notes to the financial statements.

Where irregular expenditure was incurred in a previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned during the year under review.

Irregular expenditure incurred and identified during the current financial year, and which was not condoned by the National Treasury, or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, an account receivable is recognised. Thereafter, steps are taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose all amounts written off in the relevant note to the financial statements.

If the irregular expenditure has not been condoned and no person is held liable, the expenditure related remains in the irregular expenditure register and is disclosed in the notes to the financial statements.

1.34. SEGMENT INFORMATION

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments

Accounting Policies

identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.35. RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research is recognised as an expense when it is incurred.An asset arising from development is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial, and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

1.36. BUDGET INFORMATION

Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.37. RELATED PARTIES

Members of the Accounting Authority and employees are required to disclose their interest in any contracts that CETA is entering into with an outside party. Inter-SETA transactions and balances arise due to the movement of employers from one SETA to another. Transactions with related parties are supposed to occur under terms and conditions that are no less favourable than those available under similar arm's length dealings.

At the end of the year, the list of all 21 SETAs and confirmation of balances is requested from all the SETAs. A declaration of interest by employees is obtained by HR. The comparison between the related party register and the declarations obtained is performed to determine whether there are any declarations that have been omitted from the related party register and discrepancies followed up when identified. Once the comparison has been done, the related parties identified are compared to their general ledger and payments made to the entities which the parties are affiliated with to identify all the transactions that have been entered into with the parties.

The nature of the related party, the name of the related party and the transaction amount with the related party discloses in the notes.

1.38. IN-KIND CONTRIBUTION

In-Kind contributions are recognised at fair value and are equally recorded as revenue and expenditure for donated use of services, facilities, and other assets. Donated assets are recorded as current or fixed assets.

1.39. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or collectability.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Accounting Policies

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising

Accounting Policies

from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.40. PRIOR YEAR ERROR

Material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after their discovery by:

a. Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
b. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

1.41. LEASES

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.

When an operating lease is terminated before the lease period has expired, any payment made to the lessor as a penalty is recognized as an expense in the period in which termination occurs.

Accounting Policies

1.42. RESERVES

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) as amended as follows:

- Administration reserve, and
- Employer grant reserve.

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998, as amended and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

Employer grants (Mandatory grants)

Grants are equivalent to 20% of the total levies contributed by employers during the corresponding financial period.

Discretionary grants and project expenses

CETA may, out of any surplus monies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers, and other associations or organisations when the conditions have been met. The criteria for allocating funds are approved by the CETA Board. Where necessary, interested employers, associations or organisations may be required to complete and submit a funding application for consideration and approval by the SETA.

Discretionary grants and project expenses are recognised in the period in which they are incurred.

1.43. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.44. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity)
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.45. SUBSEQUENT EVENTS

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

- Discretionary grant reserve
- Unappropriated surplus/deficit,

Accounting Policies

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are transferred to the discretionary reserve. Provision is made in the mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.

Employer levy payments are set aside in terms of the Skills Development Act as amended and the regulations issued in terms of the Act, for the purpose of:

- Administration costs of CETA,
- Employer grant fund levy,
- Discretionary grants and projects, and
- Contributions to the National Skills Fund.

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund CETA's administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grant projects.

2. New Standards and Interpretations

2.1. STANDARDS NOT YET EFFECTIVE OR RELEVANT

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods but are not relevant to its operations:

Standard	Effective date: Years beginning on or after	Expected impact:
Amendments to GRAP 1 on Presentation of Financial Statements	1 April 2023	Unlikely there will be material impact
Improvements to Standards of GRAP (2021)	1 April 2023	Unlikely there will be material impact
GRAP 104 on Financial Instruments	1 April 2025	Unlikely there will be material impact
GRAP 25 on Employee Benefits	Proposed 1 April 2023 (Likely 1 April 2024)	Unlikely there will be material impact

Notes to the Annual Financial Statements

3. Allocation of unappropriated surplus

				2022	2021
					Restated*
	R000	R000	R000	R000	R000
Revenue					
Admin levy income (10.5%)	79 124	-	-	79 124	52 542
Grant levy income (69.5%)	-	141 539	351 021	492 560	317 588
Skills development levy: penalties and interest	-	-	14 160	14 160	17 127
Interest received	-	-	44 964	44 964	57 872
In-Kind Contributions - Facilities	-	-	1 438	1 438	1 353
Other income	-	-	94	94	225
TOTAL	**79 124**	**141 539**	**411 677**	**632 340**	**446 707**
Expenses					
Administration expenses	(156 841)	-	-	(156 841)	(122 173)
Employer Grant Expenses	-	(71 897)	-	(71 897)	(41 921)
Discretionary Grant Expenses	-	-	(618 558)	(618 558)	(662 461)
TOTAL	**(156 841)**	**(71 897)**	**(618 558)**	**(847 296)**	**(826 555)**
Deficit	**(77 718)**	**69 642**	**(206 880)**	**214 956**	**(379 849)**

Notes to the Annual Financial Statements

4. Levies

	2022	2021
		Restated*
	R000	R000
Levy income: Administration		
levies received from SARS	74 152	47 165
Government Levies Received	4 707	4 562
Levies provision	265	815
	79 124	**52 542**
Levy income: Employer Grants		
levies received from SARS	141 034	89 815
Levies provision	505	1 552
	141 539	**91 367**
Levy income: Discretionary Grants		
levies received from SARS	349 771	222 381
Levies provision	1 250	3 840
	351 021	**226 221**
TOTAL	**571 684**	**370 130**

5. Fines, penalties and forfeits

	2022	2021
		Restated*
	R000	R000
Skills Development Levy: Interest	5 431	8 972
Skills Development Levy: Penalties	8 729	8 155
	14 160	**17 127**

Notes to the Annual Financial Statements

6. Other Income

	2022	2021
		Restated*
	R000	R000
Income from refunds	94	225
The amount included in other revenue arising from exchanges of goods or services are as follows:		
Insurance	5	216
Gain on asset written-off	-	9
Foreign Gain	89	-
	94	**225**

7. Interest Received

	2022	2021
		Restated*
	R000	R000
Interest revenue		
Interest received on funds refunded by suppliers	-	1 097
Standard Bank	1 145	1 762
Corporation of Public Deposits (CPD)	43 819	55 012
	44 964	**57 871**

Notes to the Annual Financial Statements

8. Administration expenses - Employee related costs

	2022	2021
		Restated*
	R000	R000
Basic	29 862	25 963
Bonus	3 030	3 916
Medical aid - company contributions	4 878	5 133
UIF	230	234
WCA	-	369
Union	36	55
Other Employee related costs	701	598
Bond Subsidy	839	886
PAYE	17 338	15 466
Pension	5 599	6 162
Temporary Staff	383	296
Leave pay	(1 188)	2 134
	61 708	**61 212**

EMPLOYEE RELATED COSTS

Defined Contribution Plan

CETA's contribution to the defined contribution plan is charged to the Statement of Financial Performance in the year to which they relate and there is no further liability for the CETA.

FRINGE BENEFITS

CETA has fringe benefits for its employees namely mobility allowances, education allowances, medical aid, and the employer pension contribution.

OTHER

Included in other employee costs are garnishee orders, leave pay, compensation fund, employee wellness, union fees, recruitment fees, bursaries, etc.

CETA ANNUAL REPORT 2021/2022
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

9. Administration expenses - Depreciation and amortisation

	2022	2021
		Restated*
	R000	R000
Property, plant and equipment	4 050	4 466
Amortisation - Intangible assets - refer to note 18	1 023	467
	5 073	**4 933**

10. Administration expenses - Operating expenses

	2022	2021
		Restated*
	R000	R000
Admin and General expenses	7 401	2 589
Auditors' remuneration - refer to note 11	6 644	3 829
Bank charges	389	551
Cleaning	237	460
Legal costs	19 943	6 839
Consumables	110	2
Sponsorship	251	-
Entertainment	134	43
Interest paid	932	356
Relocation cost	113	1 374
Insurance	606	700
Conferences and seminars	188	-
Motor vehicle expenses	455	352
Storage	-	330
Licenses	5 636	2 713
Printing and stationery	1 209	1 036
Finance support	468	135

Notes to the Annual Financial Statements

	2022	2021
		Restated*
	R000	R000
Repairs and maintenance	1 582	250
Audit and Risk Committee fees	135	94
Security	1 823	1 384
Subscriptions and membership fees	27	10
Telephone and fax	145	111
Other operational expenses	989	46
Water, Electricity and Rates	1 827	960
In-kind Contribution - Facilities	1 438	1 353
Board expenses	-	264
Catering	29	7
Consulting and outsourcing	27 461	21 271
Travel, Subsistence and accommodation	1 432	1 033
QCTO	2 891	4 474
COVID 19 Expenses	194	176
Rental expense	5 371	3 286
	90 060	**56 028**

11. Auditors' remuneration

	2022	2021
		Restated*
	R000	R000
External audit fees	4 827	3 615
Internal audit fees	1 817	214
	6 644	**3 829**

CETA ANNUAL REPORT 2021/2022
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

12. Employer grant Project expenses

	2022	2021
		Restated*
	R000	R000
Mandatory grant		
Expensed	**71 897**	**41 921**
Discretionary grant		
Core Expenditure	511 105	543 782
Admin Expenditure	41 284	44 875
Employee related costs	66 169	73 804
	618 558	**662 461**

12.1. ADMINISTRATION COSTS

	2022	2021
Travel, Subsistence and accommodation	1 449	190
Evaluation of DG projects	15 484	3 233
Consulting and outsourcing	79	29 612
Project management	-	400
Legal Costs	14 183	978
Management Information systems	4 306	4 769
Other projects administration expenses	755	1 253
Communication, PR and Marketing	5 028	4 440
	41 284	**44 875**

12.2. EMPLOYEE RELATED COSTS

	2022	2021
Basic salary	34 471	38 920
PAYE	16 134	19 414
Pension Contribution	6 861	6 087
Medical aid contribution	7 908	7 469
UIF	298	259
Union	54	36
Bonds	1 248	1 186
Leave pay	(805)	(402)
Other	-	835
	66 169	**73 804**

Notes to the Annual Financial Statements

13. Cash and cash equivalents

	2022	2021
		Restated*
	R000	R000
Cash and cash equivalents consist of:		
Cash on hand	5	2
Bank balance - Standard Bank	40 803	112 842
Bank balance - Corporation of Public Deposits	1 075 296	1 251 477
	1 116 104	**1 364 321**

As Required in Treasury Regulation 31.2, the CETA holds bank accounts with financial institutions approved by National Treasury. The Skills Development Act Regulations states that the CETA may, if not otherwise specified by the PFMA, the short-term deposits are invested in line with the CETA investment policy. The weighted average interest rate on short term bank deposits is 3.44% (prior year 3.5%)

14. Receivables from exchange transactions

	2022	2021
		Restated*
	R000	R000
Staff debtors	629	270
Sundry debtors	2 080	2 364
	2 709	**2 634**
Fair value of trade and other receivables		
Trade and other receivables	2 709	2 634
Receivable from exchange transactions approximates their fair values		

Notes to the Annual Financial Statements

15. Receivables from non-exchange transactions

	2022	2021
		Restated*
	R000	R000
SARS employer receivable	920	1 177
UIF Receivable	9 754	8 010
Provision of bad debts	-	(7)
Project debtors	6 041	6 095
	16 715	**15 275**

SARS Employer is a review on movements in receivables resulting from SARS adjustments, in line with CETA policy and section 190(1)(b) of the Tax Administration Act. No provision for bad debts in 2021/22 as we are of the opinion that the debt is still recoverable.

	2022	2021
		Restated*
	R000	R000
Non-current assets	-	-
Current assets	16 715	15 275
	16 715	**15 275**
UIF Receivable		
Opening balance	9 754	352
Expenditure incurred (80%)	-	7 658
	9 754	**8 010**

UIF Receivable CETA is contracted with UIF for the funding of Short skills programme. The total project cost was R89 million, and be funded as follows:

	2022	2021
		Restated*
	R000	R000
UIF (80%)	71 200	71 200
CETA (20%)	17 800	17 800
TOTAL	**89 000**	**89 000**

Notes to the Annual Financial Statements

Receivable was raised due to the non-receipt of funds from UIF.

The CETA is concluding the negotiations with UIF with regards to the amounts incurred and due for recovery UIF Receivable CETA is contracted with UIF for the funding of short skills programme.

16. Consumables

	2022	2021
		Restated*
	R000	R000
Consumable stores	2 021	5 730
Inventories recognised as an expense during the year	**4 691**	**717**

Consumables are carried out using the FIFO method. Unit price are determined based on the FIFO Method.

There is no CETA inventory that has been pledged as security and it is not restricted.

	2022	2021
		Restated*
	R000	R000
INVENTORY PLEDGED AS SECURITY		
Inventory reconciliation		
Stationery and refreshments	301	519
Promotional items	1 576	5 185
Cleaning materials	144	26
	2 021	**5 730**

"Developing Skills. Serving Society"

Notes to the Annual Financial Statements

17. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Figures in Rand thousand						
Plant and machinery	435	(356)	79	528	(369)	159
Furniture and fixtures	2 736	(2 081)	655	4 499	(3 526)	973
Motor vehicles	10 053	(7 419)	2 634	10 053	(6 038)	4 015
Office equipment	3 479	(2 657)	822	4 470	(3 258)	1 212
IT equipment	11 209	(7 084)	4 125	10 063	(7 321)	2 742
TOTAL	**27 912**	**(19 597)**	**8 315**	**29 613**	**(20 512)**	**9 101**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022

	Openingbalance	Additions	Disposals and Write-off	Depreciation	Total
Plant and machinery	159	-	(2)	(78)	79
Furniture and fixtures	973	-	(26)	(292)	655
Motor vehicles	4 015	-	-	(1 381)	2 634
Office equipment	1 212	180	(54)	(516)	822
IT equipment	2 742	3 280	(114)	(1 783)	4 125
	9 101	**3 460**	**(196)**	**(4 050)**	**8 315**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2021

	Openingbalance	Additions	Disposals and Write-off	Depreciation	Total
Figures in Rand thousand					
Plant and machinery	246	-	(1)	(86)	159
Furniture and fixtures	1 610	-	-	(637)	973
Motor vehicles	5 528	-	-	(1 513)	4 015
Office equipment	1 857	-	(1)	(644)	1 212
IT equipment	3 535	793	-	(1 586)	2 742
	12 776	**793**	**(2)**	**(4 466)**	**9 101**

"Developing Skills. Serving Society"

Notes to the Annual Financial Statements

PLEDGED AS SECURITY AND USEFUL LIFE REVIEW

There are no restricted assets at CETA and none of CETA assets are pledged as security. CETA has conducted the annual reassessment of useful lives and residual values on PPE Assets.

	2022	2021
		Restated*
	R000	R000
OTHER INFORMATION		
Repairs and maintenance to property, plant and equipment		
IT equipment	-	13
Other maintenance	-	235
Property building	2	2
Office equipment	30	-
	32	**250**

18. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Figures in Rand thousand						
Computer software	5 645	(1 976)	3 669	6 222	(1 484)	4 738
Work-in-progress	7 749	-	7 749	7 749	-	7 749
TOTAL	**13 394**	**(1 976)**	**11 418**	**13 971**	**(1 484)**	**12 487**

CETA ANNUAL REPORT 2021/2022
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

RECONCILIATION OF INTANGIBLE ASSETS - MARCH 2022

	Opening balance	Disposals	Amortisation	Total
Computer software	4 738	(46)	(1 023)	3 669
Work in progress	7 749	-	-	7 749
	12 487	**(46)**	**(1 023)**	**11 418**

RECONCILIATION OF INTANGIBLE ASSETS - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	648	4 556	(466)	4 738
Work in progress	218	7 531	-	7 749
	866	**12 087**	**(466)**	**12 487**

PLEDGED AS SECURITY AND USEFUL LIFE REVIEW

There are no CETA intangible assets pledged as security, and they are not restricted.

RECONCILIATION OF WORK IN PROGRESS 2022

	Opening balance	Included in Intangible Assets	Total
Additions/Capital expenditure	7 749	-	7 749

RECONCILIATION OF WORK IN PROGRESS 2021

	Opening balance	Included in Intangible Assets	Total
Additions/Capital expenditure	218	7 531	7 749

Notes to the Annual Financial Statements

19. Payables from exchange transactions

	2022	2021
		Restated*
	R000	R000
Trade payables	10 907	14 432
Accrued expense- Administration	5 568	2 564
Other creditors	838	804
Leave accrual	2 961	4 953
	20 274	**22 753**

20. Payable from non-exchange transactions

	2022	2021
		Restated*
	R000	R000
SARS Payable	1 628	1 588
Mandatory grant payables	33 042	52 370
Trade payables - projects	45 658	59 953
NSF Lay-off scheme	37	37
Accrued expenses - projects	42 499	42 364
	122 864	**156 312**

Notes to the Annual Financial Statements

21. Provisions

RECONCILIATION OF PROVISIONS - MARCH 2022

			2022	2021
				Restated*
			R000	R000
	OpeningBalance	Additions	Reversed during the year	Total
Mandatory grant provision	15	-	-	15
Employer refund provision	14 945	12 925	(14 945)	12 925
	14 960	**12 925**	**(14 945)**	**12 940**

RECONCILIATION OF PROVISIONS - 2021

			2022	2021
				Restated*
			R000	R000
	OpeningBalance	Additions	Reversed during the year	Total
Mandatory grant	5 686	15	(5 686)	15
Employer refund	21 151	14 945	(21 151)	14 945
	26 837	**14 960**	**(26 837)**	**14 960**

The provision for employer refund R12,925m (2020/21: R14,945m) relates to employers who, even though are not obliged to pay skills development levy because their payroll is less than R500K, inter alia, still they contribute towards SDL. Any exempt contribution older than five years are swept to discretionary reserves as directed by the Skills Development Circular no 09/2013 in conjunction with section 190(4) of the Tax Administration Act.

In terms of section 4 (7) of the SETA Grant Regulation, all unclaimed mandatory grants should be transferred to Discretionary Funds because the employer cannot claim it back after expiry date.

Notes to the Annual Financial Statements

	2022	2021
		Restated*
	R000	R000
EMPLOYER REFUND		
Opening balance	14 945	21 151
Transfer to Discretionary Grant	-	(3 669)
Current year	-	5 056
Changes in provision	(2 020)	(7 593)
	12 925	**14 945**

22. Cash used in operations

	2022	2021
		Restated*
	R000	R000
Deficit	(214 956)	(379 849)
Adjustments for:		
Depreciation and amortisation	5 073	4 933
Movements in provisions	(2 020)	(11 877)
Other non-cash items	878	9
Changes in working capital:		
Consumables	3 709	191
Receivables from exchange transactions	(75)	(2 312)
Receivables from non-exchange transactions	(1 440)	31 453
Payables from exchange transactions	(2 478)	13 706
Payable (non-exchange)	(33 448)	33 388
	(244 757)	**(310 358)**

Notes to the Annual Financial Statements

23. Commitments

23.1. DG COMMITMENTS

Programme	Restated Opening Balance	New Allocation / Approval	Current year Adjustments	Proposed Sweeps and Cancellation	Payments made	Closing Balance
Academic Infrastructure and lecture	25 680	-	-	-	-	25 680
Apprenticeships	620 802	467 739	172 508	(7 755)	(308 788)	944 506
Bursaries	176 986	6 840	38 500	(800)	(35 506)	186 020
Candidacy	158 694	91 800	40 887	(5 100)	(54 538)	231 743
CETA Academy	125 383	-	-	-	-	125 383
Cooperative Empowerment Training	1 400	-	-	-	-	1 400
Development of Academic Programme	694	-	-	-	-	694
DQP Status	700	-	-	-	-	700
Engineering Articulation Research and Partners	3 354	-	-	-	-	3 354
Equity Development Post	7	-	-	-	-	7
Establishment and Development of Cooperatives	884	-	-	-	-	884
Establishment of a Construction Laboratory and Workshop	8 920	-	-	-	-	8 920
Establishment or Enhancement of Construction Department in Public FET Colleges	1 000	-	-	-	-	1 000
Future Leaders	252	-	-	-	-	252
Innovation	2 459	-	-	-	-	2 459
Internship	23 315	16 550	-	(2 500)	(6 450)	30 915
Joint Project (IPMT)	4 292	-	-	-	-	4 292
Leanership	161 934	46 000	-	254	(23 793)	184 394
Mentorship DG Projects	126	-	-	-	-	126
New Leaders Development	130	-	-	-	-	130

Notes to the Annual Financial Statements

Programme	Restated Opening Balance	New Allocation / Approval	Current year Adjustments	Proposed Sweeps and Cancellation	Payments made	Closing Balance
Occupational Health and Safety	206	-	-	-	-	206
Placement of leaners	27 594	25 700	-	(2 100)	(12 530)	38 664
Post-School Sector Collaboration	1 870	-	-	-	-	1 870
Project Management and Administration	6 369	-	-	-	-	6 369
Recognition of Prior Learning	10 959	6 759	-	-	(2 545)	15 173
Rural Community Development Projects	9 214	-	-	-	-	9 214
Sector Skills Plan	3 538	-	-	-	-	3 538
Short Skills Programmes	78 999	53 023	-	-	(59 824)	72 197
Skills Development Centre	70 895	-	-	-	(625)	70 270
Special Projects	76 012	-	-	-	(4 525)	71 486
Trade Testing	613	6 230	-	-	-	6 843
Training of FET College Staff in assessment and moderation	100	-	-	-	-	100
Work Readines Campaign	1 770	-	-	-	-	1 770
Workplace Intergrated Learning	16 331	-	-	(250)	-	16 081
Operational Kit Cooperative	250	-	-	-	-	250
Short Skills Programme-UIF CETA	8 784	-	-	-	(436)	8 347
School Renovation	3 000	-	-	-	-	3 000
Development and Growth of public college systems	-	1 680	-	-	-	1 680
Subtotal	1 633 516	722 321	251 895	(18 251)	(509 560)	2 079 917
	1 633 516	722 321	251 895	(18 251)	(509 560)	2 079 921

Notes to the Annual Financial Statements

23.2. OPERATING LEASES - AS LESSEE (EXPENSE)

	2022	2021
		Restated*
	R000	R000
Minimum lease payments due		
- within one year	5 852	4 975
- in second to fifth year inclusive	20 613	23 605
	26 465	**28 580**

CETA has three operating lease contracts:

- Photocopying machines - the lease is a fixed contract for 36 months (3years) ending 30 September 2023.
- Head office building - the lease is a fixed contract for 120 months (5years) ending 31 March 2026.
- The Operating lease relates to Cape Town Head Office. The lease contract is 61 months commencing on 1 March 2022 and terminating on 31 March 2027. The lease payments escalate at an average of 8% per annum. Operating lease payments represent rentals by the entity for photocopying machines and building. No contingent rent is payable.

	2022	2021
		Restated*
	R000	R000
Rental expenses relating to operating leases		
Minimum lease payments	254	508
	-	-
	254	**508**

Notes to the Annual Financial Statements

24.1. ADMINISTRATION COMMITMENTS

	2022	2021
		Restated*
	R000	R000
Internal audit services	1 604	-
Insurance	962	1 568
Provision for security services	3 985	862
Hotline	7	77
Organisational Development	-	1 880
Forensic audit investigations	-	6 330
Provision of management printing services (MPS)	1 008	1 410
Evaluation of discretionary grants proposals	12 588	30 288
Finance and business support	-	3 333
LAN and VOIP for CETA offices	2 871	5 173
Temporary resources for SCM unit	-	42
Cleaning services	586	-
Document management	4 081	-
Monitoring and evaluation of accredited services providers	-	2 585
Financial System	24	-
Forensic audit investigations Fleet Management	-	785
Appointment of at least 5gb CIDB registered contractor for the construction skills development center in the KZN-Ingwavuma	9 467	-
Review of DG commitment register	3 105	-
Trace study of CETA funded programmes	840	-
Appointment of a service provider for ODOO ERP System	6 795	-
Review and develop of quality assurance systems	14 799	-
Head Office Partitioning Services	5 182	-
Mobile Communication	155	-
Multi-Protocol Labelling System (MPLS)	5 989	-
Provision of CaseWare license for 24 months	127	-
The provision of employee wellness services	413	-
	74 588	**54 333**

Notes to the Annual Financial Statements

CETA has a panel of 10 legal services providers - Charged on rates based.

CETA has 7 suppliers for various services that are also rates based.

The commitments amount for these suppliers cannot be quantified with certainty.

25. Related parties

25.1. RELATIONSHIPS

Ultimate controlling entity	Department of Higher Education and Training
Significant affiliates and entities under joint control	National Skills Fund, National Student Financial Aid Scheme
	Department of science and Innovation
	Other 20 SETAs and QCTO, TVET Colleges, Universities and other Colleges, Human Science Research Council, National Research Foundation, South African National Space Agency, Technology Innovation Agency, Council for Scientific and Industrial Research, South African Qualifications Authority, Council of Higher Educational and Training, National Institute for Humanities and Social Sciences
Members of key management	Ms. V Ndlovu-Chief Financial Officer
	Mr. M Shezi – Chief Executive Officer and Accounting Authority
	Mr. S Mkhize – Chief Financial Officer
	Ms M Thobela – Executive Manager: Strategic supportMr. P Yeko – Executive Manager: Client Services and Projects
Members of the Administration team	Mr. S Wasa – Administrator
	Ms MVM Mashigo – Advisor Monitoring and Evaluation
	Mr. P Tsotetsi – Advisor Finance
	Mr. GN Sejake – Advisor projects
	Mr. ZS Mnisi – Advisor ICT
	Mr. MM Morrison - Advisor Operations and Strategy

Notes to the Annual Financial Statements

25.2. RELATED PARTY TRANSACTIONS

	2022	2021
		Restated*
	R000	R000
In - kind contribution - Rental of office		
Mpumalanga - Disaster Management Centre	106	98
KZN - Services SETA	107	-
North West - Mahikeng Taletso TVET College	115	106
Free State -Motheo College Aliwal North	776	715
Western Cape - False Bay College	-	66
Northern Cape - Department of Public Works	173	159
Eastern Cape - Midlands College	98	89
KZN - eThekwini TVET College Springfield	22	82
Gauteng - Tshwane South TVET College	41	37
TOTAL	**1 438**	**1 353**

CETA receives services in kind in the form office accommodation, the rent relating to the office accommodation is paid on its behalf by related parties.

	2022	2021
		Restated*
	R000	R000
Amounts received/ paid/commitment		
DHET	579 117	376 486
QCTO	2 891	4 474
TVET Colleges	281 315	232 439
Universities	112 523	112 544
Other Colleges	42 432	25 207
MQA SETA	14	-
HWSETA	70	-
TETA	6	-
TOTAL	**1 018 368**	**751 150**

Notes to the Annual Financial Statements

25.3. REMUNERATION OF MANAGEMENT

Management class: Executive management 2022		
Name	Fees for services as amember of management	Total
Ms. V Ndlovu - Chief Financial Officer (until the 18th of October 2021)	1 434	1 434
Mr. Shezi- Chief Executive Officer and Accounting Authority (from the 1st of September)	1 001	1 001
Mr. Mkhize - Chief Financial Officer	457	457
Ms. Thobela - Executive manager: Strategic support	421	421
Mr. P Yeko-Executive Manager: Client Services and Projects	158	158
	3 471	**3 471**

Management class: Executive management 2022		
Name	Total Cost to Company	Total
Ms V Ndlovu - Chief Financial Officer	**3 042**	**3 042**

Executive management do not receive any fringe benefits

Administration team 2022		
Name	Fees for services as amember of management	Total
Mr. Shezi- Advisor (up to 31/08/2021)	715	715
Mr. S Wasa - Administrator (up to 02/02/2022)	1 856	1 856
Mr. P Tsotetsi - Advisor Finance (up to 31/10/2021)	999	999
Ms. GN Sejake - Advisor Projects	888	888
Mr. ZS Mnisi - Advisor ICT (02/02/2022)	1 267	1 267
Ms. MVM Mashigo-Advisor Monitoring and Evaluation (02/02/2022)	1 267	1 267
Mr. MM Morrison-Advisor Operations and Strategy (31/10/2021)	888	888
	7 880	**7 880**

Notes to the Annual Financial Statements

Contracts ended at the end of Administration on the 2nd of February 2022.

March 2021

Name	Fees for services as amember of management	Total
Mr. S Wasa - Administrator	2 231	2 231
Mr. BE Hlongwe - Advisor Finance	1 066	1 066
Ms. GN Sejake - Advisor Projects	1 523	1 523
Mr. ZS Mnisi - Advisor ICT	1 523	1 523
Mr. MM Morrison - Advisor Operations and Strategy	1 523	1 523
Mr. P Tsotetsi - Advisor Finance	532	532
Mr. M Shezi - Advisor Finance	968	968
Ms. MVM Mashigo-Advisor Monitoring and Evaluation	1 523	1 523
Ms. PP Mnguni-Advisor Change Management	634	634
	11 523	**11 523**

Audit and Risk Committee (ARC) 2022

Name	Audit and Risk Committee fees	Total
J Maboa - Chairperson	56	56
CS Mofet-Mubu - Member of the ARC	27	27
D Madiba - Member of the ARC	27	27
N Mosuwe - Member of the ARC	5	5
	115	**115**

Audit and Risk Committee (ARC) 2021

	Audit and Risk Committee fees	Total
J Maboa - Chairperson	35	35
CS Mofet-Mubu - Member of the ARC	21	21
D Madiba - Member of the ARC	21	21
N Mosuwe - Member of the ARC	17	17
	94	**94**

CETA ANNUAL REPORT 2021/2022
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

26. Irregular expenditure

	2022	2021 Restated*
	R000	R000
Opening balance as previously reported	702 532	636 874
Correction of prior period error	(7 253)	(41 785)
Opening balance as restated	**695 279**	**595 089**
Add: Irregular Expenditure - current	76 020	107 443
Closing balance	**771 299**	**702 532**

Figures in Rand thousand	2022	2021 Restated*
Incidents/cases identified/reported in the current year include those listed below:		
Unauthorised extension of contracts	-	4 665
Expenditure incurred without following legislated	18 261	-
SCM processes		
Exceeding 7.5% threshold for project administration	52 197	71 277
Expenditure incurred in contravention of Treasury Regulations	-	24 137
Expenditure not procured through appropriate procurement processes	-	7 314
Deviation on appointment of the motivational speaker for team building	-	50
Irregular appointment an employee (now dismissed)	5 562	-
	76 020	**107 443**

Notes to the Annual Financial Statements

ON-GOING INVESTIGATIONS AND DISCIPLINARY ACTIONS

CETA was placed under administration since 02 February 2020 until 02 February 2022, this was after receiving the Gobodo and NSA report on Investigations of irregularities that took place in the organisation. The employees that were found to be implicated to the irregularities were suspended and disciplinary actions were taken against those employees.

Actions to be undertaken for Irregular expenditure incurred:

- Loss Control Committee has been appointed which will consider irregular expenditure, which will include determining root causes and responsible parties. This process may result in cancellation of contracts and disciplinary proceedings for those responsible for such irregularities.
- .In future, all procurement awards amounting to R20 million and above, will be subjected to probity review before appointments are made.
- Irregular expenditure of the 7.5% threshold for project administration is subject to condonement by the DHET.
- Irregular appointment was due to fake qualifications, employee resigned and fined R2 000.00 at the court of law. However, CCMA case is yet to be finalised.

27. Fruitless and wasteful expenditure

	2022	2021
		Restated*
	R000	R000
Add: Fruitless and wasteful expenditure identified - current	16 768	10 356
Less: Amount recovered - current	-	(4 478)
Closing balance	**22 646**	**5 878**
Expenditure identified in the current year include those listed below:		
SARS Interest and penalties	1 019	-
Data collected not usable for DG target	15 749	-
	16 768	**-**

The data collection project was charged at a standard rate of R750. From the actual data collected of 11 575 we could not determine the validity of the information which resulted in fruitless expenditure for all the payments made toward the project. Investigation will be conducted to determine the root cause and responsible persons.

The SARS interest and penalties were due to late submission and payments of the EMP201 returns. Investigation will be conducted to determine the root cause and responsible persons.

Notes to the Annual Financial Statements

28. Financial instruments disclosures

In the course of CETA operations, it is exposed to interest rate, credit, liquidity and market risk. CETA has developed a comprehensive risk strategy in terms of Treasury Regulations 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the heading below. Financial instruments have not been discounted as they will be settled or recovered within 6 months. The effect of discounting was considered and found not to be material.

INTEREST RATE RISK

CETA manages its interest rate risk by effectively investing CETA surplus the Corporation for Public Deposits (CPD) as per Treasury Regulation 31.3.3.

March 2022	Effective Interest rate	Non-interest bearing	Total
Cash and cash equivalents	4%	-	1 116 104
March 2021	**Effective Interest rate**	**Non-interest bearing**	**Total**
Cash and cash equivalents	4%	-	1 364 321

CATEGORIES OF FINANCIAL INSTRUMENTS

2022	At fair value	At amortised cost	Total
FINANCIAL ASSETS			
Receivables from exchange transactions	-	2 709	2 709
Receivables from non-exchange transactions	-	16 715	16 715
Cash and cash equivalents	1 116 104	-	1 116 104
	1 116 104	**19 424**	**1 135 528**

FINANCIAL LIABILITIES

	At cost	Total
Payable from exchange transactions	20 274	20 274
Payable from non-exchange transactions	122 864	122 864
	143 138	**143 138**

Notes to the Annual Financial Statements

2021	At fair value	At amortised cost	Total
FINANCIAL ASSETS			
Receivables from exchange transactions	-	2 634	2 634
Receivables from non-exchange transactions	-	15 275	15 275
Other financial assets	1 364 321	-	1 364 321
	1 364 321	**17 909**	**1 382 230**

FINANCIAL LIABILITIES		At cost	Total
Payable from exchange transactions		22 753	22 753
Payable from non-exchange transactions		156 312	156 312
		179 065	**179 065**

29. Risk management

FINANCIAL RISK MANAGEMENT LIQUIDITY RISK

CETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs forecasted cash flow and its cash management policy. Adequate reserves and liquid resources are also maintained.

2022	Carrying Amount	Contractual Cash Flow	6 months or less
Payables from non-exchange transactions	122 864	122 864	122 864
Payables from exchange transactions	20 274	20 274	20 274
	143 138	**143 138**	**143 138**

Notes to the Annual Financial Statements

2021	Carrying Amount	Contractual Cash Flow	6 months or less
Payables from non-exchange transactions	156 312	156 312	156 312
Payables from exchange transactions	22 753	22 753	22 753
	179 065	**179 065**	**179 065**

In case of liquidity problems, funding resources might be available in terms of DHET and National Treasury approval for borrowings in the open market.

Financial assets, which potentially subjects CETA to the risk of non-performance by counter parties and thereby subjects to credit concentration of credit risk, consist mainly of cash and cash equivalent, investments and account receivable

CETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury regulations 28. CETA 's exposure is continuous.

CREDIT RISK

Credit risk with respect to levy paying employers is limited due to the nature of the income received. CETA does not have any material exposure to any individual or counterparty. CETA's concentration of credit risk is limited to the industry (Construction related industries) in which CETA operates. No events occurred in the industry (Construction and related) during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are a presented net of allowances for doubtful debts.

Notes to the Annual Financial Statements

THE AGEING OF OTHER RECEIVABLE FROM EXCHANGE TRANSACTIONS	2021/22	Impairment	2020/21	Impairment
Not past due 0-30 days	323	-	415	-
Past due 30-90 days	140	-	1 732	-
Past due 90-120 days	2 246	-	485	-
	2 709	**-**	**2 632**	**-**

THE AGEING OF CASH AND CASH EQUIVALENT	2021/22	Impairment	2020/21	Impairment
Not past due	**1 116 104**	**-**	**1 364 321**	**-**

THE AGEING OF OTHER RECEIVABLE FROM NON- EXCHANGE TRANSACTIONS	2021/22	Impairment	2020/21	Impairment
Not past due 0-30 days	2 379	-	12 408	-
Past due 30-90 days	-	-	11	-
Past due 90-120 days	14 336	-	2 856	-
	16 715	**-**	**15 275**	**-**

MARKET RISK

CETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wages rates. No significant events occurred during the year of audit.

FAIR VALUES

CETAs financial instruments consists of mainly of cash and cash equivalent, accounts and other receivable and payables. No financial instruments were carried at an amount in excess of its fair value. Fair value could be reliably measured for all financial instruments.

CASH AND CASH EQUIVALENTS

Cash and Cash equivalent comprise of cash held by CETA and short-term deposits with an original maturity of less than three months. The carrying amount of these assets approximates their fair values.

ACCOUNTS RECEIVABLE

The carrying amount of the account receivable is net of allowances for any doubtful debt, estimated by the Accounting Authority based on prior experience. The carrying amount of these assets approximates their fair values. The effect of discounting was considered and found to be immaterial.

CETA ANNUAL REPORT 2021/2022
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Notes to the Annual Financial Statements

30. Contingencies

30.1. RETENTION OF SURPLUS FUNDS

Retention of surpluses by constitutional institutions and public entities listed in Schedules 3A and 3C to the Public Finance Management Act (PFMA), 1999. Public entities listed in Schedules 3A and 3C to the PFMA may not accumulate surpluses that were realised in the previous financial year without obtaining prior written approval of the relevant Treasury.

The CETA submitted an application for the retention of accumulated funds as at 31 March 2021 to National Treasury. In terms of the Grant Regulation 3(11), SETAs are expected to have spent or committed (through actual contractual obligations) at least 95% of discretionary funds available to use as at 31 March of each year

SETAs are required to disclose the uncommitted surplus. The possible liability is calculated as follows:

POSSIBLE LIABILITY- RETENTION OF SURPLUS

	2022	2021
		Restated*
	R000	R000
Cash and cash equivalent	1 116 104	1 364 321
Plus: Receivable	19 424	17 909
Less: Current liabilities	(156 078)	(194 025)
	979 450	**1 188 205**

The new calculation for the retention of surplus shows that CETA has available surplus of R984 million (2021 - R1,189 billion). However, the Discretionary Grant commitment register has a balance of R2,079 billion (2021 - R1,730 billion) committed projects. This indicates that the surplus amount is backed by the Discretionary Grants commitments.

30.2. LITIGATIONS - CETA IS CURRENTLY DEFENDING THE FOLLOWING CASES

	2022	2021
		Restated*
	R000	R000
Supplier is suing CETA over unpaid invoice.	79	79
CETA is being sued for alleged breach of contract	16 332	16 332
TAXATION OF LEGAL COSTS	**95**	**95**

Notes to the Annual Financial Statements

	2022	2021
		Restated*
	R000	R000
A delayed project was cancelled and the damages are claimed	4 000	4 000
	20 506	**20 506**

In addition to the above there are18 on-going cases where the financial implications are not yet determined.

30.3. FIRST-TIME EMPLOYER REGISTRATIONS

The skills development legislation allows for an employer, registering for the first time, six months to submit an application for mandatory grants. At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R941 000 (2020/21: R1 199 000) will be payable. This amount is contingent on the number of WSPs submissions received and approved.

30.4. CONTINGENT LIABILITIES

In October 2019, BUSA won a court case against DHET where the department's decision to decrease the mandatory grant levies and grants percentage from 50% to 20% in terms of section 4(4) of the SETA grant regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet communicated the decision in regard to the mandatory grant percentage. DHET continued to show the mandatory levies portion as 20% in 2021/22 FY year in the levy download information

30.5. CONTINGENT ASSETS

	2022	2021
		Restated*
	R000	R000
Recovery of CETA funds from the services provider that did not pay stipends to learners	829	829
Recovery of CETA lawyers' fees paid during in the litigation process	2 529	-
	3 358	**829**

CETA won an appeal award against an institution, effectively dismissing a claim against CETA. Therefore, CETA is in the process of recovering the costs of R 2 529 161, lawyers' fees paid during in the litigation process.

Notes to the Annual Financial Statements

31. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

32. Events after the reporting date

32.1. CETA's rental contract for Limpopo premises was effective from May 2022.

32.2. CETA's rental for Cape Town premises for the additional 100,33sqm, was effective from April 2022.

33. Budget differences

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

33.1. Other Income – Overall favourable variance of (R 94 000) not budgeted for.

33.2. Income received – Overall favourable variance of (R 4 864 000) not budgeted for.

33.3. In-Kind Contributions – Facilities – Overall favourable variance of (R 1 438 000) not budgeted for.

33.4. Discretionary Grants – Adverse variable of (R 118 190 000) related to implementation to DG.

34. Prior period errors

	Reported in the previous year	Adjustment	Correction	Reclassification	RestatedBalance
DG Accruals	(41 704)	-	(660)	-	(42 364)
Apprenticeship	1 193 602	-	660	-	1 194 262
Admin Accruals	(2 358)	-	(206)	-	(2 564)
Legal Fees	21 588	-	206	-	21 794
Commitment Apprenticeship	(621 798)	-	996	-	(620 802)
Commitment Skills development Centre	(167 309)	-	96 414	-	(70 895)
	382 021	**-**	**97 410**	**-**	**479 431**

Notes to the Annual Financial Statements

34.1. The transaction has not been accounted for using the accrual basis of accounting and therefore results in an overstatement of administration expenditure in the current year and an understatement of administration expenditure and accruals in the prior year (R 206 212).

34.2. The transaction has not been accounted for using the accrual basis of accounting and therefore results in an overstatement of core DG expenditure in the current year and an understatement of DG expenditure and accruals in the prior year (R 660 000).

34.3. Contracts swept/cancelled in the prior period but not correctly adjusted in the commitment register for skills development and apprenticeship amounting to (R 996 and R 96 414).

35. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

35.1. CORRECTION OF PRIOR IRREGULAR EXPENDITURE

	2022	2021
		Restated*
	R000	R000
The following prior period errors adjustments occurred:		
Irregular expenditure		
Opening balance	24 135	24 135
Adjustments made	(7 253)	-
RESTATED OPENING BALANCE	**16 882**	**24 135**

In the prior year Irregular expenditure emanated from the failure or omission to submit the supplier's appointment letter to the auditors. The appointment letter was subsequently located and duly submitted to auditors.

The provincial offices are found at the following locations:

Office Location	Physical address
Gauteng	150 Industrial Road, Tshwane South TVET College, Pretoria West, 0183
Limpopo	73 Biccard Street, Maneo Building, Polokwane Central, 0700
Northwest (Klerksdorp)	Vuselela TVET College, Matlosana Campus, Plot 120 OR Tambo Street, Klerksdorp
Free State	Motheo Hillside View TVET, College Campus, Lobona Motsoeneng Street, Mangaung, Bloemfontein, 9301
Western Cape	Parc du Cap 2, Momentum Office Park 03 Mispel Road, Oakdale, Cape Town 7530
Northern Cape	45 Schmidtsdrift Road, Carters Glen, Kimberly, 8300
Eastern Cape	No 3 Elton Street, Southernwood, East London
KwaZulu-Natal	73 Ramsay Avenue, Musgrave, Durban, 4001
Mpumalanga	Disaster Management Building, COGTA Building, R40 Road, Nelspruit, 1200

Construction Education and Training Authority

Address:
52 14th Road, Noordwyk, Midrand, 1687

Phone:
+2711 265 5900

E-Mail:
StakeholderRelations@ceta.co.za

ISBN: 978-0-621-50319-7
RP121/2022

higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA